

11 August 2022

Mr Lloyd Hick
President
Cattle Council Australia
16 Brisbane Ave
Barton ACT 2600

Email: lloydhick@bigpond.com

Dear Lloyd,

We write to confirm our previous advice that we do not accept Cattle Council of Australia's (CCA) and the State Farming Organisations (SFOs) recent actions with respect to the proposed formation of Cattle Australia to replace CCA as the grass-fed cattle producer's Peak Industry Council.

The cattle industry representative and resourcing reform model agreed to by Cattle Producers Australia (CPA) and CCA at the Federal Government facilitated Roundtable conferences at the end of 2020 and beginning of 2021, which was later embraced by the Northern Pastoral Group (NPG) and the broader industry with considerable enthusiasm, was presented to then Federal Agriculture Minister David Littleproud in Brisbane in April 2021. This restructure model was consistent with a decade long push by cattle producers for a reformed Peak Industry Council and with the recommendations of a number of Federal Senate, ACCC and Productivity Commission inquiries. It was a model that had wide ranging support within the ranks of producers engaged in large and small grass-fed cattle production enterprises.

Following the Roundtable meetings and the agreement reached by the Roundtable Working Group, facilitated Industry Leader Forums (ILF) (made up of a range of industry stakeholders) were held in September and October 2021 to settle the agreed Federal Government facilitated Roundtable conferences Flight Path and the industry restructure arrangements and obtain agreement on the structural and funding options for the new Peak Body.

The ILF agreed to set-up a grass-fed cattle industry Restructure Steering Committee (RSC) to guide the restructure process and implement the formation of a new united, well resourced, effective representative leading peak industry body for producers of grass-fed cattle and their industry. The ILF appointed a total of eight voting members comprising two representatives of the CCA, two SFO representatives, two Northern Pastoral Groups representatives and two CPA representatives to form the RSC.

Minister Littleproud, who had previously stated he would only provide seed funding for a new grass-fed cattle producer Peak Industry Council if there was agreement between the disparate organisations

representing Australia's grass-fed cattle producers, made a sum of \$500,000 available through the Department of Agriculture, Water and Environment (DAWE) to enable the RSC to achieve its objectives.

This \$500,000 sum was made available through a Procurement Proposal between the Department of Agriculture, Water and the Environment (DAWE) and CCA acting on behalf of the RSC which we understand became the Service Procurement Agreement referred to in a legally binding Auspice Agreement between CCA and the RSC. The legally binding Auspice Agreement between CCA and the RSC states that:

- the RSC is the party receiving the benefit of the Funding under the terms of the Auspice Agreement and the Services Procurement Agreement between DAWE and CCA acting on behalf of the RSC, and
- attaches the RSC Terms of Reference, and
- defines the Auspice Agreement collective Project as the collective set of goals and objectives identified as the "Purpose and Objectives" in clause 2.2 of the RSC Terms of Reference, and
- clause 2.2 of the RSC Terms of Reference (*a copy of which is attached*) states that the purpose and objective of the RSC was to:
 - (a) realise the funding and formation for the New Peak Body by 1 July 2022;
 - (b) direct various stages and activities required to realise the New Peak Body that can deliver on the outcomes sought by the industry through this restructure process;
 - (c) work through any unresolved restructure issues in **Attachment 1** (*of the RSC Terms of Reference*) to provide objective, timely, solutions-focused positions to ensure the restructure process continues to progress;
 - (d) keep the Represented Groups, Minister, levy payers and other stakeholders informed and engaged through a comprehensive communications and engagement plan;
 - (e) ensure a seamless transition of grass-fed cattle industry peak body responsibilities from Cattle Council of Australia (CCA) to the New Peak Body;
 - (f) report back and consult regularly with the Represented Groups (and where possible industry);
 - (g) to minimise any disruption to the day-to-day operations of CCA during the transition process; and
 - (h) transition and eventually wind up CCA and CPA to the New Peak Body as required.

The RSC Terms of Reference, the Auspices Agreement and the Procurement Proposal all clearly contemplate the formation of a new united, well resourced, effective, representative grass-fed cattle producer Peak Industry Council to replace CCA with both CCA and CPA eventually being wound up rather than the formation of a rebadged CCA with an amended constitution that was not contemplated during the Federal Government facilitated Roundtable Conferences at the end of 2020 and beginning of 2021 and has not been agreed to by the majority of the RSC.

It is CPA's view that the actions of the CCA and SFOs with respect to the proposed grass-fed cattle producer organisational restructure are contrary to the principles of appropriate governance and at odds with the collective, co-operative and productive approach developed within the roundtable working group and ILF agreed reform model.

Issues to consider in relation to governance and proper process of the RSC are:

1. The CCA and the SFOs walking away, without the support of the majority of the RSC, from the Australian wide agreed Peak Industry Council restructure framework Value Proposition, Flight Path and the Terms of Reference that were established to guide the RSC;
2. The declaration by the RSC's Independent Chair, at an ILF Forum on 30 June 2022, that responsibility for the completion of the CA Constitution be handed to the CCA, was without the support of the majority of the RSC;
3. The draft CA constitution current as of 30 June 2022 has not been approved by the RSC and in the opinion of CPA and other senior grass-fed cattle industry leaders contains serious structural flaws; and
 - would, if enacted, fundamentally compromise the functionality and structure of the proposed new Peak Industry Council, Cattle Australia (CA), which
 - could reasonably be expected to obliterate wide-spread grass-fed cattle producer levy payer engagement with CA, and
 - consequently, defeating the purpose of the representative reform agenda for *a new united, well resourced, effective, representative grass-fed cattle producer Peak Industry Council to replace CCA.*
4. The RSC membership has not been offered an opportunity to examine or authorise payment of invoices presented to CCA for payment on behalf of the RSC which in our view appears to be a breach of requirements under the Procurement Agreement and the Auspice Agreement forged between RSC, CCA and the Government;
5. The recent actions of the past Independent Chair of the RSC (with the apparent support of the SFOs and CCA) publicly declaring that the RSC was wound up on 30 June 2022 are contrary to:
 - the decision taken by the RSC in Brisbane on 10 June 2022, that the RSC would not be wound up until the board of the new grass-fed cattle producers Peak Industry Council was installed; And
 - the conditions in the attached Restructure Steering Committee's Terms of Reference that was prepared in good faith following an ILF in September last year states that: *The Steering Committee will convene on and from October 2021 and will cease to exist when the New Peak Body Board is installed.*

As stated above, CPA is concerned about, the lack of accountability and oversight of the expenditure of the \$500,000 grant as stipulated in the Procurement document between the Government and CCA (Acting for the Grass-fed Cattle Restructure Steering Committee) and the expenditure of the grass-fed cattle producer donations to the RSC. This expenditure was never formally authorised by the RSC and Cameron and I have written requesting a full accounting of the application of that funding in the past without a response.

The Procurement document on page 2 headed Scope, clearly states: *the Project Sponsor is the Grass-Fed Cattle Industry Restructure Steering Committee - The Steering Committee was established by the Represented Groups within the grass-fed cattle industry to guide the process and implementation of a united, well resourced, effective and representative New Peak Body and is Responsible for the deliverables and expenditure of funds associated with this project.*

CPA members of the RSC sent the attached ILF Brief to the Industry Leaders Forum members prior to the meeting dated 30 June 2022. Also attached is a copy of the 15 July 2022 Open Letter to the RSC and the RSC Chair Andrew Macaulay and its attachments that set out industry concerns with the proposed rebadging of the CCA.

These actions by the SFOs and CCA mirror that of January 2018 when the CCA and SFO's walked away from the then proposed cattle producer organisational reforms that had been agreed to between CCA and the disparate cattle producer organisational groups following the handing down of the seven recommendations of the 2013/14 Senate inquiry into Industry Structures.

The feedback CPA has received is that the level of grass-fed cattle producer ongoing engagement with a rebadged CCA will be minimal.

As stated in the attached Open Letter to the RSC Chair and RSC members neither the content of the current draft of the Cattle Australia Constitution nor the determination to hand the implementation process over to the CCA have been approved by the RSC. To meet our obligations under the Terms of Reference, the funding agreement and the Auspice Agreement and to provide due process in good faith the RSC must continue in its role to develop, to the satisfaction of a majority of levy payers, a sustainably resourced and truly representative Cattle Australia.

We seek an opportunity to discuss this matter with you at your earliest convenience.

Kindest Regards,



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