

Submission for: **The Effect of Market Consolidation on the Red Meat Processing Sector Inquiry**

Senate Standing Committees on Rural & Regional Affairs & Transport

1: The collusion in the market place is evident at all sales; there is no competition amongst the different processors, as several processors are represented by the one buyer. (e.g. at the last cattle sale I attended at Forbes regional livestock exchange, there were 3600 head of cattle, there was only two buyers operating for all processors and only one buyer operating for feeder cattle. I also called into the Cowra selling centre on my way home. There were 400 hd of cattle and *only 1 buyer*). This is not giving real indicators of what stock should be worth.

2: From the example above, regardless of consolidation in the processing sector, you can see the market has been manipulated by a lack of competition. This has been caused by processors engaging one buyer to operate on their behalf thus causing NO competition in the market place. (At some sales 1 buyer is operating for up to 10 different entities). The information speaks for itself in relation to the market. In the past few years we have seen the price of beef rise from \$10/kilo to \$16/kilo. while the farm gate price has remained the same. Our prices should reflect the world beef price not whether it has rained in Australia or not. This is currently what happens in our industry and totally disadvantages primary produces.

3: In the livestock industry we are consistently asked to improve the way we work with our animals but scant regard is given by the rest of the industry. If we were serious about animal welfare we would move immediately to an on line sale system where the animals are sold direct from the property. This would give a much greater animal welfare outcome as well as decreasing our footprint on the environment.

4: Our industry is in need of a major overhaul, the industry should be thrown on the table with all bets of and every avenue explored for the whole industry to move forward.

ST & MM Kennedy