

The Senate Committee.

My name is David Byard, farmer, meat retailer, and former chairman of TFGA's meat council.

I also write a fortnightly column in the rural press (Tas. Country).

My evidence is brought about by the ACCC's inquiry into red meat and the grocery inquiry.

What I am asking for or hoping for is someone to go from A – Z of the meat supply chain and just check some of the information provided to the ACCC.

The results will prove or disprove my theory that the evidence given at these inquiries has been flawed.

I have already had a meeting with the ACCC, very cordial but completely unsatisfactory.

I have just sent you a brief overview of what I think is happening.

David Byard

Ongoing saga with the ACCC.

Last week I received a letter from the ACCC following up on discussions I had in Melbourne with the ACCC on February 6th. The main topic of discussion was around their inquiries into supermarket pricing and prices farmers receive for meat.

I also brought to their attention numerous inaccuracies in both reports.

In their letter to me they referred specifically to my concerns about the ACCC report which came out in February, 2007. Examination of prices paid to farmers for livestock and prices paid to the Australian consumers for red meat.

In recent enquiries into supermarket prices the ACCC seems to think that the major supermarket chains with the relationships being so good with all parts of the supply chain, including farmers and consumers that they would not lie to the ACCC, therefore information supplied doesn't need to be tested for accuracy.

The ACCC report examination of prices paid to farmers for livestock and the prices paid by Australian consumers for red meat. This report came out in February, 2007, I felt that this report was very inaccurate in places and information provided to the ACCC was not tested for accuracy or rigour. When I questioned the ACCC on this they informed me that this report did not constitute a formal inquiry under part V11A of the trade practices act of 1974 and therefore the ACCC had no formal information gathering power. I find this to be very disturbing as the ACCC makes recommendations which Government could use to help in policy development. In fact this report was ordered by Mr. Peter McGauran, Federal Agriculture Minister.

It seems to me and others that this was just a Clayton's inquiry and people could tell the ACCC what they wanted them to know whether it was right, wrong, or indifferent, knowing full well the ACCC couldn't or wouldn't do anything about it.

July 2008, the ACCC bought out their findings on the grocery inquiry and part of this dealt with meat. Presumably people giving evidence were required to do so under some sort of oath. The interesting part to me was that the previous red meat inquiry was referred to and quoted, remember this was the Clayton's inquiry where they had no formal information gathering power.

To me both reports are a complete disgrace and so far calls for an independent researcher have fallen on deaf ears. It seems to me that the ACCC still prefers to sit around in their air-conditioned offices collecting evidence that they believe is accurate and clearly some of it is at best questionable.

One query I raised with the ACCC was one major supermarket chain claimed and advertised all meat came from British bred steers. After a complaint the ACCC took it up with the supermarket who admitted to their mistake and posted a fact sheet on their web site conveying the correct information.

The ACCC states that they consider that the supermarket has now appropriately rectified the error. To me this is a joke, clearly the supermarket misled the consumers of Australia. It appears to me why use expensive adverts, why not simply advertise on the web.

It would seem that getting into trouble and being punished by the ACCC is like getting a thrashing with a hot lettuce leaf.

Fact or Fiction – there is a very cheap and easy way to clarify all the issues associated with the inquiries. Take one researcher armed with a brief of what he is looking for. Firstly, the researcher should have the power to obtain evidence from the major supermarket chains and obtain a list of producers and processors who have supply agreements with the major supermarket chains. He may pick at random some producers who he chooses to visit. Some of the questions that he may like to ask.

Have a look at the books to see if the producers received anymore for their cattle when the price of grain nearly doubled in 2006. He may find the major supermarket chains kept him at the same price for his cattle saying that the price of cattle had dropped and compensated for the increase in grain.

He may care to look at the prices paid to producers (Coles submission – fresh logic) suggest that they are paying \$4.60/kg. for carcass beef.

The researcher could ascertain what QA levels the producer is expected to retain and what penalties are imposed by the major supermarket chains too much fat, too much weight, too old, too lean or too light.

After gaining this information from the producer's the researcher may move onto the processing plants that actually process the major supermarket chains cattle.

The first thing he may care to look at is how much does it actually cost to kill, skin and dress a beast? Then he may care to deduct any rebates at the major supermarket chains would take at 2006 prices, hides, offal, tongues etc. The researcher may move on to the boning room finding the cost to actually bone and trim a beast, cryvac and box any given carcass.

Coles suggest that the average yield of a carcass is 60% meat and 40% fat and bone. Aus-Meats seems to suggest that this is 70% meat. ACCC suggest that the submissions stated anywhere from 20-70%.

The cost to actually cart those cartons of meat to the major supermarket chains for slicing. He could have one carcass boned then follow that carcass in carton form then time it to see how long it took to actually slice and package that particular carcass. He then could find out the wages, cost of packaging and labelling etc., and add value of all meat from that carcass and deduct the costs.

The ACCC suggest that this is a very complex chain, however to me it is simple or complex as one would like to make it. Oles suggest that prices paid for a whole beast inclusive of producer and feed-lot costs, typically account for 53% of the end retail price. To kill, bone, package and chill

account for 14% whilst retail activities trimming, packaging, labour is another 30%. This leads a margin of 3%, therefore I wonder what margin a researcher will come up with.

The researcher may like to go on and find out what percentage of the meat being sold in the major supermarkets is obtained from the processing sector.

Has the meat come from cattle that have been grain-fed?

Can the meat come from cattle that have been bought in saleyards?

Can the meat come from Brahmans cattle? Woolworths claim that they don't use meat from Braham cattle.

Quote – the major supermarket chains have much higher product satisfaction, grids and use additional QA systems, means that the product sold by major supermarket chains is significantly differentiated from competing products especially non QA grass fed products that might be available during forced drought sales.

Is it possible that the supermarkets will buy meat opportunistically that has become available because of drought sales. Meat obtained from these sources, how is it differentiated on supermarket shelves? Can a consumer tell yg (yearling grade) beef? Is it grain fed or obtained from a processor where one has no idea of the origin of that beef?

How many tons of primals the supermarket chains buy during the last forced drought sales?

Until we can establish these facts we will only able to wonder if the reports of the ACCC are fact or fiction.

David Byard – chewing the fat.