

## Senate RRA T hearing 17/3/2009.

1. **The Australian Beef industry is in steep decline with Australia's beef producers receiving the second lowest prices in the developed world and paying by far the highest Government imposed costs. Worse still—the Australian consumer is paying almost twice what the US consumer is paying as the Australian Supermarket duopoly has by far the highest “mark ups” in the World. See two graphs. The 2008 ACCC Grocery Inquiry was the most corrupted event in which I have been involved in 45 years in public life. It was a whitewash. Neither the ACCC Chairman or the Minister wanted to know the horrible truth. See graphs.**
2. Hope that the Minister takes more notice of any findings by the Committee than his predecessors have done since the 2002 report and recommendations for changes to the absurd Meat Industry Structure.
3. ABA submitted a whole of beef chain critique to the committee in April 2008 but it appears that the original terms of reference have altered.
4. Meat Board Chairman, Jack Schute recommended that Australia investigate the US grading system in 1967. I have worked on a beef grading system to the consumer since 1979-- 30 years. I had one in place in NSW, Q and WA from 1984-1993 with Gold and Purple Strip Brand ID in shops. I brought out the top US beef grader in 1989 to educate the industry in beef quality grading. Our scheme was taken over by AMLC and deliberately destroyed in 1995.
5. I was on the committee that decided the star system for EQS/ MSA.
6. I was on the RMAC committee and , with Justin Toohey, steered the fragile agreement for a voluntary form of quality ID which the processors agreed to and then abandoned. This is the basis of the current Torbay Bill in NSW.  
World examples of grading systems.

USA 1927. Full implementation during the 1939-45 war as troops complained of poor quality. Canada, Japan, South Korea(1993).

### Necessary steps.

- Must have a regulatory body to implement and independent grading system. *USA has a division of US Dept. AG. do the grading. Australia's DAFF has no expertise in this area. Australia has Ausmeat but it is run by the processors and is not in a lot of domestic works. MSA has trained graders but no power. The National Meat Authority recommended to John Anderson was never adopted.*

Must have trained graders of integrity. *ICMJ has a pool—many in MSA.*

- Must back the above with legislation. *Commonwealth has restricted power in domestic industry. Getting Sates to do mirror legislation was a Herculean task in 1984. No less now with Victoria, Tasmania, SA and NT either without will or resources.*
- Discussion on fat depths and other parameters for grading is putting the cart before the horse. Without solutions to the above any detailed work is waste of energy.  
John Carter for ABA 17/3/2009

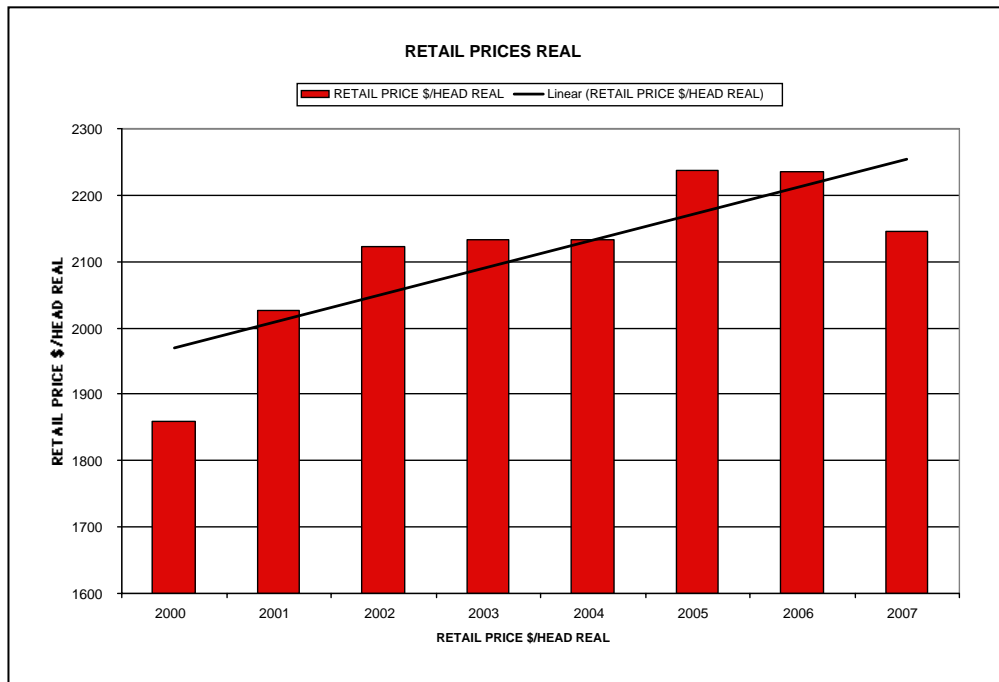
# Cattle and Beef prices 2000 to 2007

All prices are adjusted for inflation

Sources: ABS, USDA

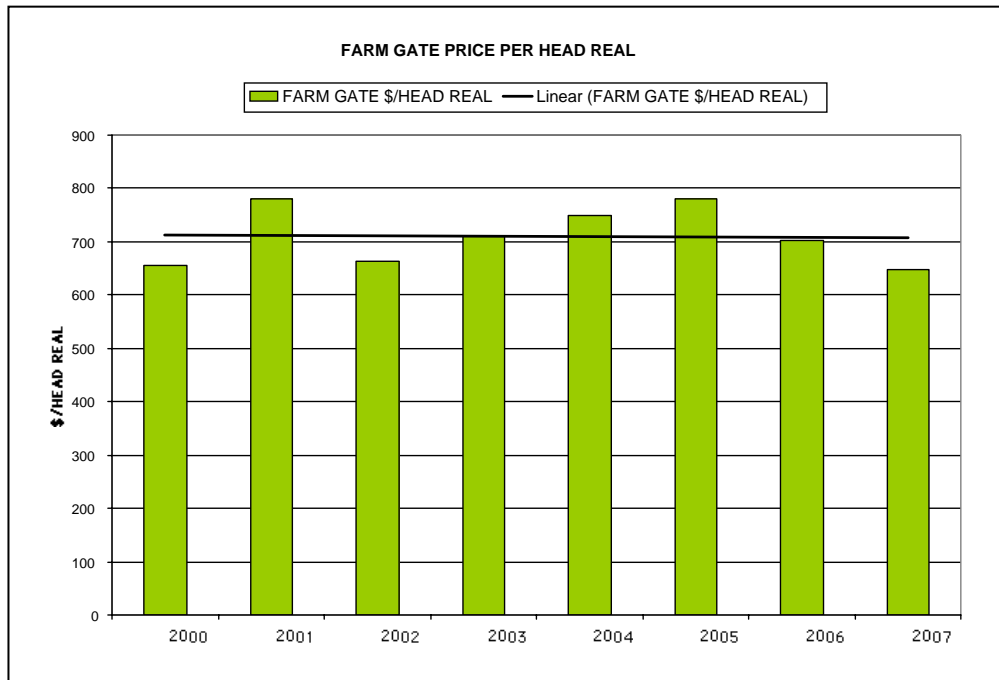
## Retail Beef Price (\*see note at end)

In real terms, the retail price of beef has increased about \$275 per head or 15% since 2000



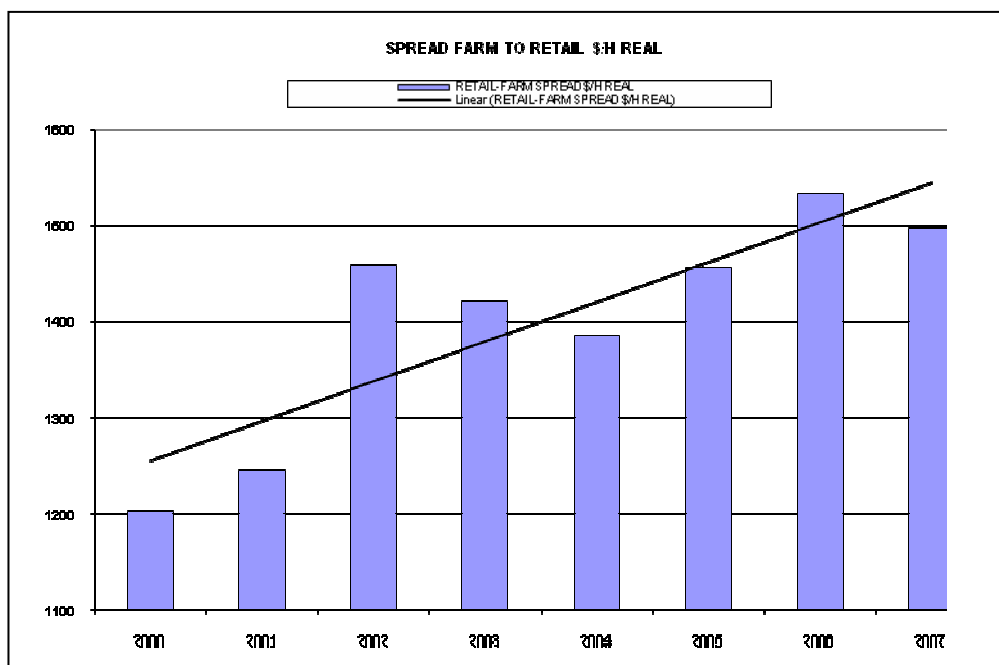
### Cattle Price

In real terms, farm gate cattle prices have not increased since 2000. The decline in farmers' real prices must be viewed against a background of rising general prices and agricultural specific costs such as fuel and fertiliser. Drought induced additional costs such as water, fodder and additional labour costs have further increased production costs in many regions.



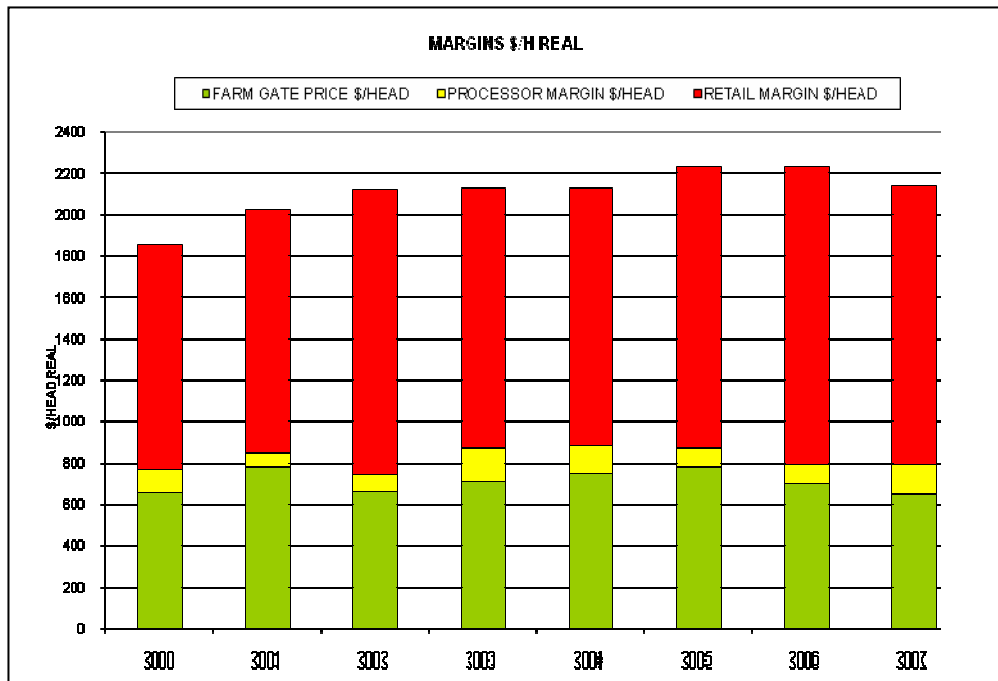
### Farm to Retail Spread

The spread, the difference between the Retail Value and the Farm Gate Value has increased \$300 per head or 25% since 2000.



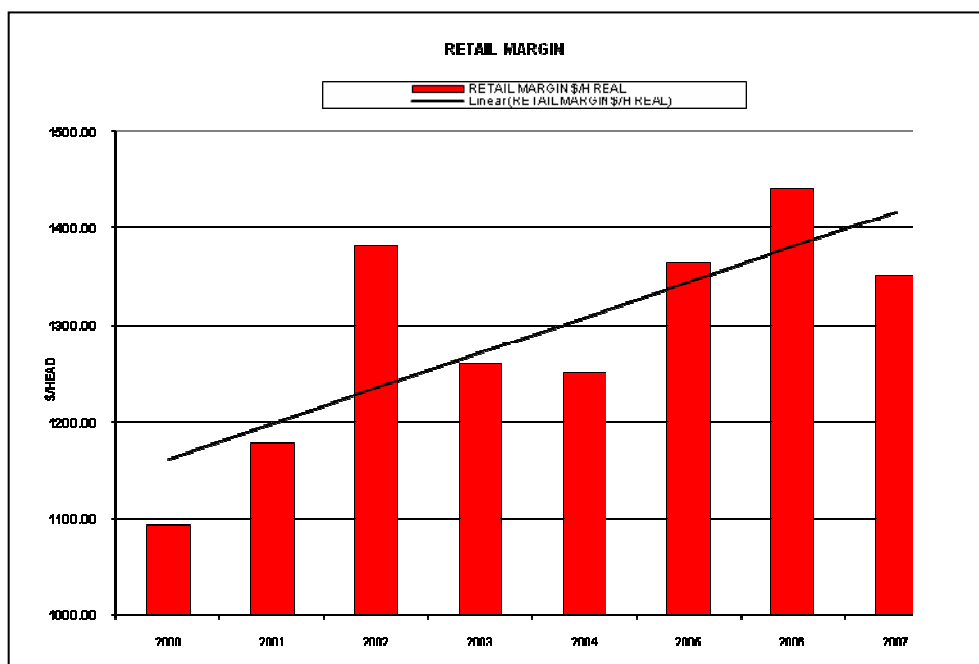
## Processor and Retail Margins

Since 2000, Producers' price has ranged between \$648 and \$782/head. Processors' mark-up has ranged between \$67 and \$146 per head. Retailers' mark-ups has ranged between \$1093 and \$1442 per head. The top of the bar represents the retail value/price.



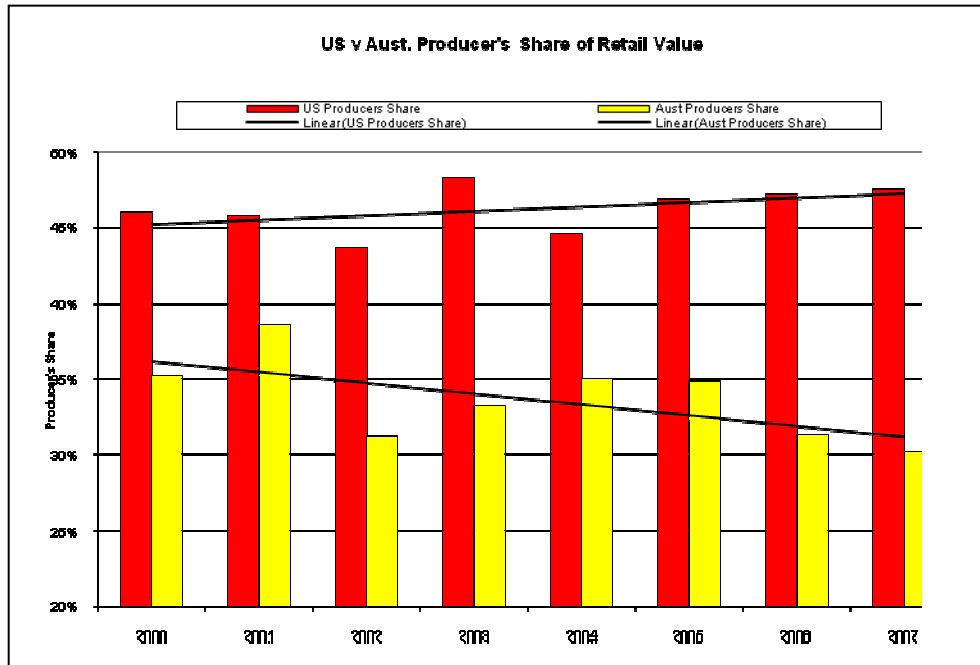
## Retail Margin

The retail margin is the difference between the retail value (price) and the wholesale value (price). Since 2000, the retail margin has increased about \$275 per head or 25%.



### Australian vs US Producers' Share

Australian Producer' share of the retail value has declined since 2000 to 30% in 2007. US producers have not received less than 44% since 2000 and recieved 48% in 2007.



\* Values at Farm Gate, Wholesale and Retail are based on a standard 200kg domestic carcase.

### INTERNATIONAL CATTLE PRICES

