

To: Grocery Prices Inquiry  
Sent: Mon Mar 10 16:37:30 2008  
Subject: "Public Submission to ACCC Grocery Inquiry by The Australian Beef Association on 10/03/2008."

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Dear Sirs,

I wish to make a preliminary submission to the ACCC Grocery Inquiry on behalf of The Australian Beef Association. A more detailed submission will follow within 10 days.

The Australian Beef Association was very dissatisfied with elements of the findings of the ACCC inquiry into the relationship between livestock and meat prices in February 2007.

The ACCC officers involved were misled by several sectors.

We submit to the new inquiry that Australian cow calf (feeder steer) producers over the past year have received between 48% and 65% of the prices received by our USA counterparts. At the same time US consumers were paying considerably less for their beef than their Australian counterparts. This was in a period that US beef exports to Japan were closed due to two cases of BSE (Mad Cow Disease) in the USA.

We submit that the Australian meat chain is very inefficient and that, with 50% of domestic retail in the hands of two supermarkets, that the margin between the feeder steer and the retail price is excessive.

The emphasis on grain price as an explanation in the 2007 Inquiry is specious as now, with less than 20% of production being fed grain, the margins remain. The "grain-fed cost" emphasis overlooks that a very high percentage of retail beef is mince/sausage processed from cattle that go nowhere near a feedlot. The 2007 Inquiry conclusion that "the price of livestock is a relatively small component of retail prices" illustrates that Australia has an inefficient meat chain as opposed to the USA.

Our supplementary submission will address the Australian absence of a US Stockyard and Packers Act which legislates policing of saleyard bidding and a compulsory transparency in private sales to processors. This is absent in Australia and price discovery is a very rough business. Saleyard collusion is so common that it is accepted as normal. The widely publicised Coles meat buying scandals in 2007 were just the tip of an iceberg. Middle men with minimal investment in the industry make fortunes at the expense of the producer and consumer. An ACCC officer working on this inquiry should gain access to the Woodward

-Report of the Royal Commission into Australian Meat Industry of  
September 1982—Appendix H.

We will also submit a case for 100gm. unit pricing of beef at retail.

Yours Sincerely

John Carter for The Australian Beef Association.