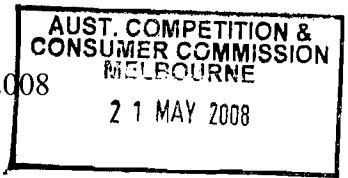


Anon Submission

19/5/2008



**Dr Mr Samuel**

Attached articles for submission to "ACCC Supermarket Price Enquiry" –clear evidence.

Supply chain prices "somebody is making unfair profits/margins at the expense of beef producers.

Price gouging of Beef Cattle producers at saleyards.

No longer viable for beef producers –look at gap between saleyard prices and retail/supermarket prices. Supermarket prices increasing all the time while saleyard prices decreasing, on farm production costs increasing massively over last 2 years in particular.

Does the ACCC really care?

Anon

|             |             |
|-------------|-------------|
| FILE No:    |             |
| DOC:        | D08   45004 |
| MARS/PRISM: |             |



Sales shift: Elders agent Steve Grantham is one of a number of buyers who see better value in feeding lower-priced cattle such as heifers.

# Youngsters fail to make a killing

ONE of the puzzling things about this autumn's prime market has been the lacklustre price performance of top young slaughter cattle such as B-muscle vealers.

While there have been isolated sales of up to 225c/kg at saleyards in recent weeks, as a rule they haven't lived up to expectations.

Coming into autumn the theory was that a drastic drop in the number of cattle being intensively fed due to high grain and pellet costs, fewer vealers due to cows being culled and limited green pasture would lead to a shortage of high-quality slaughter cattle and push prices higher.

But National Livestock Reporting Service figures show this hasn't happened.

The average price for B-muscle vealer steers sold in Victoria in March and April, which includes the Easter period when rates for these cattle traditionally spike, was 201.6c/kg liveweight.

This is 8c/kg less than the same period last year, when B-muscle vealer steers averaged 209.2c/kg.

Heifer prices were similar.

This autumn, B-muscle vealer heifers averaged 195c/kg, which is 10c/kg less than last year when they averaged 205.8c/kg.



Comment

The other interesting feature when going through the NLRs figures is that prices for C-muscle yearling heifers haven't really changed, which is surprising given they are usually the first cattle to be discounted when the prime market comes under pressure from the season and numbers.

The average price for C-muscle yearling heifers this autumn is 160c/kg liveweight, which is 1c/kg shy of the same period last year.

It adds further weight to the argument that the top-end of the market has been the under-achiever in recent weeks.

Buyers and agents say the industry's shift to trading boxed beef, rather than carcass bodies, was creating more of an averaging price system for young slaughter cattle with less emphasis on the top-end calves in the saleyards.

There have also been reports that

many of the abattoirs that specialise in European-cross calves for the premium butcher and restaurant trade have forged alliances where they buy fed cattle direct rather than through the saleyards.

But buyers such as Elders agent Steve Grantham are noticing the change in price trends for young cattle this autumn.

At the recent Wodonga store sale, Mr Grantham bought several lines of Angus and Angus-cross heifers to a top of \$570 for 358kg, or 155c to 163c/kg liveweight.

He said they worked out as the best option for a client who had excess silage, as there was a chance of a bonus from both weight gain and cents-a-kilogram price when they were resold in winter.

"These sorts of heifers, at heavy weights of over 400kg, have all been making over 160c/kg at prime markets, which is good money considering the best vealer calves are struggling to get over 200c/kg," he said.

Matthew O'Connor, of Elders Alexandra, said his clients had begun focusing more on heifers this season as they were affordable in dollars-per-head terms and processors such as Swift and Cargills were offering reasonable money for

heavy kill heifers that were milk or two tooth.

"There seems to be more money in trading heifers at the moment, as the return on investment is a lot better (than trading steers due to the downturn in feedlot demand)," he said.

Overall, the entire beef market is topsy-turvy at the moment, which has fuelled talk about how it could be more profitable to invest feed into lower-grade cattle rather than those at the top end.

As examples, old cows are selling exceptionally well compared to bullocks, or as one agent said this week: "It makes you cry when you are selling prime Japanese Ox for 165c/kg and old cows are making 145c/kg".

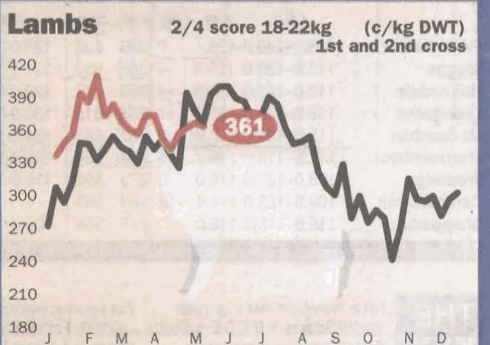
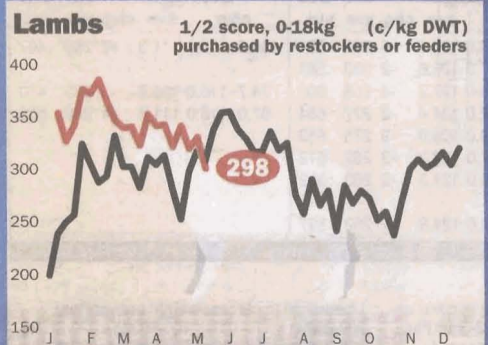
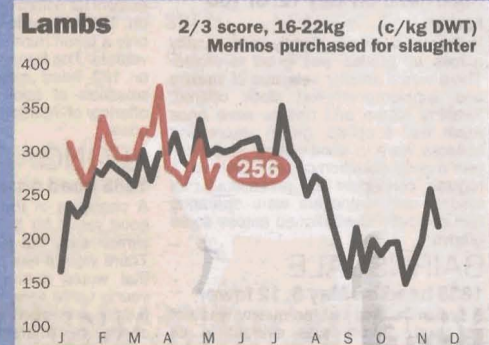
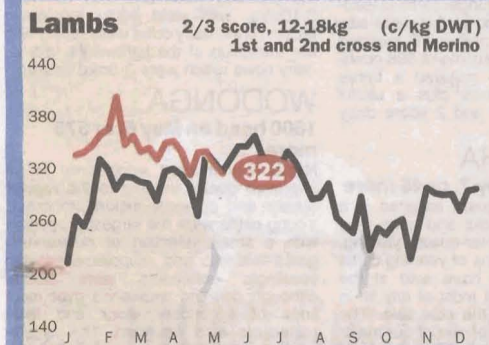
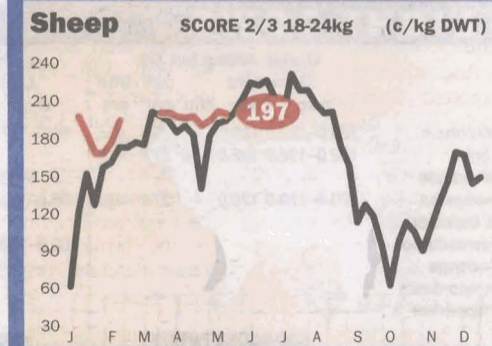
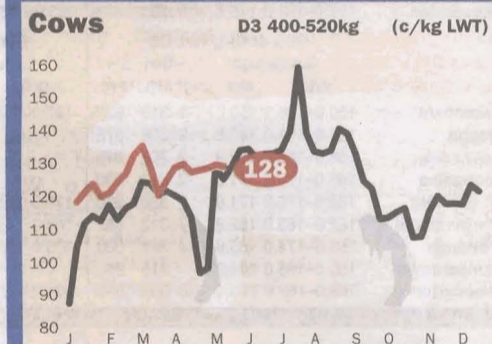
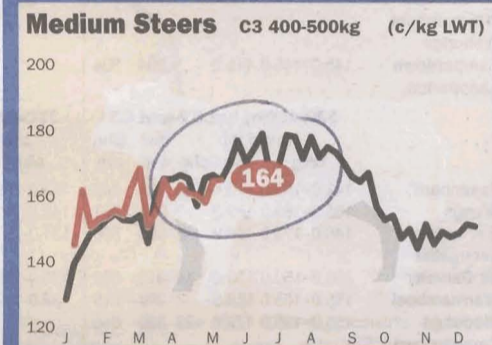
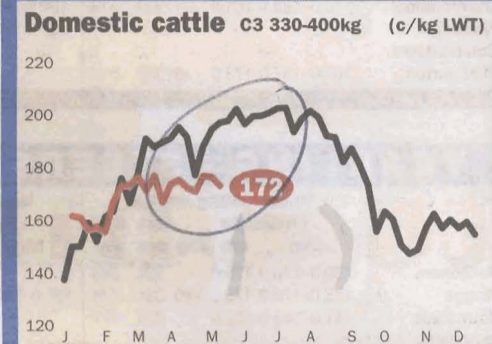
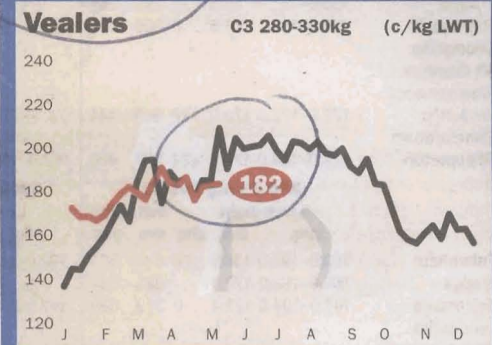
And middle-run young cattle are selling better in comparison to the premium carcass calves.

While it goes against traditional thinking, it raises the question of whether it would be more profitable turning a 150c/kg heifer into a 170c/kg slaughter animal, rather than paying 190-200c/kg for the top store steers and hoping the market will improve to 220c/kg.

## Indicators

Week ending May 12

2007  
2008  
LWT = Liveweight  
DWT = Dressed weight



# Calves struggle to cover costs

CALF prices might have held up reasonably well at Yea last week, but co-selling agent Chris Pollard said breeders were struggling to cover costs.

Mr Pollard, from Landmark Yea, said maintaining a cow herd for returns of less than \$350 a head for heifers and \$450 for steers was not viable.

"It is below the cost of production," he said.

"It's getting to the point whereby people won't be able to keep going — something will have to give."

Mr Pollard said there had been few rewards in recent seasons, no matter how breeders tried to cope with the drought.

He cited the case of the Corriemony and Sierra Hills herds.

Mr Pollard said last year the owners had fed their calves through until spring, but there had been no price reward for the work and costs involved.

He said this was why the calves had been sold last week.

"Last year, they spent a lot of money carrying the calves through and there was nothing in it," he said.

Mr Pollard said this year it was hoped that by selling the calves early, the properties would be able to carry the cows through the winter with little supplementary feeding.

— JENNY KELLY



**Moving interest:** last week's Yea sale was dominated by lighter-weight spring-drop calves forced on to the market early due to the lack of rain.

# Dry dictates prices

CATTLE prices were cheaper but still deemed reasonable at Yea last week as local farmers moved another step closer to winter without decent rain.

The best of the weaner steers sold to \$615 and heavy heifers to \$595 while a small pen of three Angus cows with grown steer calves topped the sale at \$1200.

However the 2050-head yarding was dominated by young and lightweight spring-drop calves which had been forced on to the market early due to the tough season.

Many of these calves sold for between \$300 and \$500, with the tail-end drafts of the steer weaners bearing the brunt of the cheaper bidding trend.

After telling *The Weekly Times* that northern orders for

## YEA

light steers had slowed down, commission buyer Duncan Brown stepped into the market when prices fell shy of the \$400 minimum rate of most recent store sales.

"We can still buy them at this price," Mr Brown said as he filled an order for Forbes in NSW.

"These steers will average about \$350 and we haven't been able to do that for a while."

Overall most buyers rated the sale as \$30 to \$50 easier than Euroa and Wodonga the week before.

Although other buyers who had attended Colac or Kyneton the previous week said Yea was a strong market in comparison.

Kyneton agent Kieran McGrath echoed most people's thoughts when he said prices at Yea stood up well against the seasonal outlook.

"It's cheaper, but you would have would to say it has still been a good result," he said.

"What amazes me is that most cattle are staying local and going into areas that are still dry, which is incredible."

There was good support from local farmers, many of who had sold cattle and were replacing ahead of anticipated winter rain.

Among these was Robbie Rob, from Thornton, who bought 30 Hereford steers as a hedge against store prices improving if the season turned around.

"I think (prices) will rise for sure," he said.

Prices throughout the yarding did fluctuate.

The top steer price of \$825 was for eight black baldy bullocks that had frame but needed finishing. The price was estimated at about 170c/kg.

The heavier drafts of weaner-yearling steers, such as Deloraine's pen of 22 Herefords, sold to \$615 and were estimated at about 180c/kg.

But then the lead drafts of the spring-drop steer calves nearly matched the money of the heavier and older yearlings, selling to a top of \$575 at 200-210c/kg.

Included in this was Corriemony's 117 Angus steer calves, August-September-drop, that

sold to \$575 and averaged \$506.

Selling agent Chris Pollard, Landmark Yea, said the feature lines of calves from Corriemony and Sierra Hills hadn't been much cheaper than recent markets.

The heifer market followed a similar trend to the steers, with prices favouring the big lines of black calves.

Some of these sales, at up to \$455 a head, were estimated at more than 170c/kg.

Yet other mixed pens of heifers were estimated at 150c/kg and less at times.

In dollar-per-head terms most heifers sold from \$300 to \$420.

— JENNY KELLY

## Sale summary

### GROWN STEERS

● C McCaulay, Molesworth: 8 Angus and black bullocks, 2 years, 18 at \$765.6 Grey at \$630.

● T&M Kelly, Kilmore: 6 Angus-cross, milk and two years, \$660.

● Yastoral Co: 10 Hereford, 19 Angus, \$585. 18 Hereford-Friesian, \$562.

### YOUNG STEERS

● Deloraine, Wallan: 22 Hereford, 10-months, weaned five weeks, \$615.

● E&H Cocking: 14 Angus, 10-12 months, \$610.

● Farley Family Trust, Heathcote: 20 Angus, winter 2007-drop, \$540. 20 at \$520.

● Corriemony: 117 Angus, August-September 2007-drop, Lawson blood, top \$575, average \$506.

● Sierra Hills: 176 Angus, August-September 2007-drop, Lawson blood, top \$505, average \$474.

● Kakariki Pastoral, Seymour: 58 Hereford, June-July 2007-drop, weaned mid-March, \$590 average \$530.

● Entoy, Yea: 26 Angus and Murray Grey-cross, August-September-drop, average \$458.

### HEIFERS

● E J Hurst: 9 Angus, 12-14-months and fat, \$595.

● P Roberts: 7 Charolais Angus-cross weaners, \$510. 5 at \$465.

● Sierra Hills: 171 Angus, August-September drop, complete-drop of heifers from property, top \$455, average \$376.

● Corriemony: 80 Angus, August-September drop, average \$345.

● Mungery, Balranald: 105 Herefords, September-October drop, top \$380, average \$311.

● Kakariki, Seymour: 25 Hereford, August-September drop, top \$402, average \$337.

### BREEDING FEMALES

● S Gerdson: 3 Angus cows, second to third calves, rejoined, with grown steer calves, \$1200.

● I&M Riley: 8 Angus cows, to calve June, \$820.

● Harbream: 10 Angus cows, not rejoined, with calves to two months, \$785.

● Yarran: 11 Angus-Friesian cows, third to fifth calves, joined Limousin bull on November 7, \$725.



**Positive attitude:** Wollert farmer Alan Justice, with Angus steer calves bought at Yea last week, hopes for winter rain.

## Season won't do Justice for prices

THE resilience and optimism of farmers in the face of another dry autumn was on show at Yea last week.

Producers such as Alan Justice, from Wollert, helped keep prices alive by stepping into the market in the hope winter will deliver some rain.

"We've got a bit of feed and we are anticipating that come June we should get some rain," he said.

"And as it's getting later in the season we've only got to

hold these cattle for three months and we are into spring.

"In this sort of situation you have to decide what you are going to do and just do it."

Alan bought 29 Angus steers to replace older cattle sold last October.

The fact his property had been spelled in recent months had given them some dry feed cover to handle replacement stock in the hope of a winter turnaround.

— JENNY KELLY

## Decent rain eludes vendor

IT is now approaching 12 months since John Farley's property at Heathcote had decent rain for pasture growth.

Mr Farley said the family's property, Kilmuir, hasn't had a good soaking since July last year.

"We haven't had any useful rain for about 10 months," he said.

"Our last decent rain was in July last year and then we had a completely failed spring."

The Farley's sold 100 winter-drop Angus calves at Yea last week, receiving a top of \$540 for the steers and \$440 for the heifers.

Mr Farley said the prices were reasonable and he was surprised at the resilience of the store market.

"Considering the seasonal conditions the sale hasn't been too bad," he said.

"A lot of people seem to think that because we've gone for so long without rain, some decent falls can't be too far away."

— JENNY KELLY



**Dry times:** agent Con Mulvihill, of Landmark Heathcote, with John Farley (right).