
From: Byard <david.chrissy.byard@bigpond.com>

Sent: Tuesday, 22 September 2020 7:26 PM

To: Keogh, Mick <mick.keogh@acc.gov.au>

Subject: Retry more than happy to have published as you see fit. many thanks David

Thank you for giving ABA an opportunity to have in input to your inquiry.

I am fully aware of the time frame ACCC has to work under and as such I would like to look at two very important issues in the beef industry.

I have watched with interest , as other enquiries conducted by the ACCC have not had the power to compel anybody give evidence. My understanding is that this review the ACCC can compel people to give evidence, to me this is great step forward and whoever was behind this they need to be congratulated.

The first issue I would like to raise is 90% of cattle for slaughter are sold over the hooks. This means that the producer gets paid for is the hot carcass weight, ie after trim.

In the US a dressing percentage is about 60% plus and in Australia

we have 50% plus.

A 600 kg live animal one could expect in Australia to get slightly more than 50% which would mean a 300 kg carcass.

In contrast the same 600 kg beast same fat cover same time off feed US producer could expect to 360 kg carcass, at six dollars a kilogram this would equate to \$360

Every enquiry been carried out by the Senate and ACCC seems to have people complaining about the amount of trim taken by processors, prior to scales.

Under Australian law we have AUS MEAT as a body in charge of audits overseeing the processing sector .

AUSMEAT is a professional organisation and is regarded conscientious and take their role with great integrity.

There are very strict rules in Australia of how much trim can be taken by a processor, which contrasts with the US where there is no trim before the scales.

In Australia once a beast leaves the knocking box until the scales, the animal is the possession of the producer and the processor may take more trim than the rules allow.

Although regular audits undertaken, any processor that decides they can trim over and above the rules would almost be impossible to catch as even a snap audit would not achieve anything.

Normally audits are undertaken with notice given. However if an auditor turned up at a works, they would have to login get their equipment ready, would give ample time for anybody breaking the rules to simply adjust their trim and any other rules they may be breaking.

One solution if processors were obliged to live screen footage of cattle from the hide puller through to the scales, this footage could be beamed back to AusMeat who could do audits without a processor being aware that they were being watched. A subsidiary, item this stage is the amount of fat that removed by the hide puller at the p8 site resulting in a downgrade, for insufficient fat cover. This is a highly contentious as you see critical issue for downgrading a carcass The second issue is a price that producer receives and the percentage of the retail dollar.

In 2007 ACCC conducted a study into who got what share of the

retail dollar after a request from the minister at that time Peter McGurun, Coles stated producer got 53% of retail dollar, processors got 14% and 30% went retailing costs leaving a margin of 3%. After questioning I was told that the study was only a desktop study. In 2011 the ABA conducted experiments to find out exactly how much saleable beef would come off a given carcass result 71% saleable meat, this trial conducted with oversight by University Tasmania.

Supermarkets were visited and notes taken of prices of each cut so we could give each cut a value.

After this a spreadsheet was prepared one can feed in weight of a given carcass, price to kill, price to bone, slice and package into case ready meat, then there is a line item for saleable byproducts, if one puts in a 200 kg carcass at, a set price and then readjust the price with present supermarket prices then the whole spreadsheet will adjust automatically.

Supermarkets may purchase their beef is box meat bought from the processors. Take an example of porterhouse top-class \$16 a kilogram and retailing at \$35, supermarkets with the huge buying power, it would be very hard to know what their purchase price was, however I think there margin may be in excess of 50%.

If supermarkets are compelled to give reliable information then it will show the true position of the proportion of the retail dollar that produces processors and retailers receive.

