

Director
Perishable agricultural goods inquiry
Australian Competition and Consumer Commission
GPO Box 3131
Canberra ACT 2601



This submission is written on behalf of Monaro Farming Systems, a farming group based in south east NSW representing over 70 local farming families and businesses.

The major agricultural products of the Monaro are wool, lamb, and beef, with beef and lamb both being relevant to this inquiry.

While the domestic market is dominated by a supermarket duopoly, strong export markets create competitive tension with the domestic retailers. Fostering these strong export markets, and the competitive position of Australian producers to sell into them, is the most effective way to ensure the concentrated domestic market is kept honest.

While many of our producers sell to the supermarkets, either directly or through marketing agents, the price is effectively set by the export markets, with the supermarkets having to pay an export parity price, or more commonly a few percent more to source the premium product.

The critical issues for Monaro agricultural producers are firstly that Australia continues to expand free trade agreements, allowing us to compete on a undistorted global market. We acknowledge the considerable progress made in trade agreements over recent years. Secondly, we must maintain our export competitiveness. This depends on continuing to identify and capture productivity gains, which depend on a vibrant R&D sector. In our region, with its unique climate, and absence of any research station, producers are very reliant on MFS to identify and provide regional specific solutions.

Ongoing export competitiveness is also dependant on an efficient business environment, without unnecessary red or green tape. The regulatory environment is becoming an increasing impost on the agricultural community, and continues to erode our ability to compete on the world market.

While the farmgate price is largely governed by the global price for our commodities, Australian retail prices are also influenced by the retail margin. Over recent years, lamb producers have received close to 50% of retail price at farmgate, while beef producers share of retail price has been lower at 30% to 35%. This has translated to a higher farmgate price for lamb, even though the retail price for lamb has actually tracked slightly under the beef price.

We believe that a low retail margin stimulates product demand, so should not be discouraged. The MLA have historically tracked the producer share of retail price, though it would be valuable to see more formally tracked and reported.

Kind Regards

A handwritten signature in blue ink that reads 'Richard Taylor'.

Richard Taylor

On behalf of the Board of Monaro Farming Systems CMC Inc

Contact Email: executive@monarofs.com.au