



ACCC Issues Paper on Cattle and beef markets

Submission from Livestock SA

Livestock SA represents beef cattle, sheep and goat producers in South Australia. As such we wish to congratulate the ACCC for choosing as one of the first tasks for the new Agriculture Unit, a market study of the cattle and beef sector.

This study follows on from the current Inquiry by the Senate's Rural and Regional Affairs and Transport References Committee into the "Effects of market consolidation on the red meat processing sector" and that Committee's previous Inquiry into "Industry structures and systems governing levies on grass-fed cattle."

It is unfortunate timing that the Senate Committee's interim report on the red meat processing sector was tabled in the Australian Parliament only two days before the due date for initial submissions on the Issues Paper. Our initial reaction is that the recommendations in this report are welcomed and need to be supported.

In relation to the ACCC's Issue Paper it is disappointing that the ACCC has only allowed for a month in which to respond.

For Livestock SA as an organisation, having missed being able to mention the ACCC study in our monthly Livestock SA NEWS which is circulated at the start of each month, this meant a special email to members calling for feedback on the ACCC study. Almost 20% of Livestock SA members do not have emails or do not use these on a regular basis due to no or poor internet accessibility, and these members missed this call for feedback.

April is also a busy time on most South Australian farms with hand-feeding of livestock and the start of seeding, and not surprisingly Livestock SA received very little feedback from members.

It would be appreciated in future if the Agriculture Unit had an obligatory minimum two-month consultation period to allow for both communication difficulties (there are not only difficulties in some regions in accessing the internet, but the slowness and unreliability and increasing cost of Australia Post) and in consideration of seasonal activities on-farm.

Livestock SA had previously made a submission to the Senate Committee Inquiry into the red meat processing sector. It is assumed that ACCC will be considering the comments made in all submission to this Inquiry.



In that submission, there was mention of a submission by Tom Hunt, a Livestock SA member, and his complaint about fat scores. We are aware that the ACCC has followed up on Tom's complaint and would like to take this opportunity to thank the ACCC. And now with the establishment of the AACC Agriculture Unit there should now be more liaison with primary producers.

Other producers have also expressed concerns about fat scores, inconsistencies in yields and weights, and delays in getting reports on these. Producers need to trust that the scales are not only accurate but are reported correctly.

There is the need for more transparency. One producer believes that the industry would be prepared to pay a levy so that an independent person could be present at processing to ensure correct procedures are followed and measurements are accurate. Currently there is no protection against any malpractices – the producer is the only one who misses out on his/her fair return.

Some producers feel that with the lack of competition in South Australia, in other States where there are more options that market forces work better. There has long been discussion about buyers working together to drive out interstate competition in South Australian saleyards. The main issue is that cattle numbers in South Australia are too low to encourage interstate buyers to keep coming back. As a result, many producers sell direct using interstate prices as their guide.

The calf market at Dublin is a bright spot (due to a lot of competition) that in particular is vital for the pastoral industry especially in dry times.

One item that Livestock SA did receive feedback on that is not specifically listed in the Issues Paper is the problem with ear tags. This is what one member sent us:

Loss of ear tags whilst cattle are in transit causes a 50 dollar a head fee to re-tag those cattle when they arrive at saleyards. This is highly exorbitant as ear tags don't cost that amount. This has happened to me several times and I have received letters from government officials threatening further actions if I present cattle without tags. When the movement paper is completed there is a question re ear tags which states that all cattle must be tagged so no one would transport cattle who are un-tagged. What happens a lot is that tags are lost on cattle trucks when the ears brush up against the sides, and try and explain that to some person in authority who has never



been near cattle. I know several people who have left the industry due to the many costs, this one being a good example.

While cattle tags are required primarily for biosecurity reasons, these comments show other associated costs and difficulties when transporting animals to markets or for sale.

Some producers would like there to be an ombudsman or at least a strong watch dog. The interest of the ACCC in this regard is very welcomed.

It is noted that the ACCC is proposing to hold one forum in every State. Naracoorte may have been a better place than Mount Gambier for the South Australian forum. It is pleasing that in addition ACCC staff will be visiting regional areas where forums are not being held. If it was considered appropriate, Livestock SA would be prepared to promote any visits proposed in South Australia. We will be promoting the forum at Mount Gambier on 20 June and we appreciate the longer lead time than provided for comments on the Issues Paper.

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