

## Senate Inquiry into the Red Meat Processing Sector

13 May 2015

To whom it may concern,

Though unfamiliar with Senate and inquiry processes, my wife and I, cattle farmers in North East Victoria for 4 generations, are incensed at the changes we are witnessing in the red meat processing sector which then have significant flow on effects to all livestock producers.

Whilst more broadly we live in an era of increased transparency where we expect everything we purchase to be correctly labelled, weighed and accounted for, it appears in livestock sales we are regressing. Increasingly around Australia livestock selling centres are moving from pre-weighing cattle to post weighing, with processors increasingly comfortable and confident to simply phone the sales centre and declare they will boycott an upcoming sale if pre-weighing cattle continues. While with pre weighing cattle everyone at the market has the information available to accurately determine whether or not to bid on a pen, with post weighing bidders remain in the dark. This effectively decreases competition, decreases information available to prospective buyers, decreases prices paid for cattle and finally ends with animals being left off food and water for longer when animal welfare should rightly come first. How can this be not just allowed, but actively promoted? How can agricultural producers be accountable for animal welfare standards, yet a selling system be exempt? How can our processors have so much power and pull through, that their wishes are enough to silence agents, farmers, commission buyers, transporters and animal activists?

Post weighing selling systems, whilst preferred by the processors, is regressive and more difficult for the farmer and impossible for the store cattle buyers, where margins are so fine these bidders are automatically precluded in any post weighing sales system. Thus the processor pressure has effectively reduced competition for themselves and likewise reduced returns to farmers.

We are forced to ask ourselves, are we serious about producing food in Australia for Australian's? Is the future of our food production going to be one where the tail clearly wags the dog?

The product, science and knowledge to produce our beef is only increasing in quality and consistency, yet prices continue to be eroded.

- In 2003 a fertilizer called DAP cost \$480 per Tonne;
- in 2015 the same DAP fertilizer cost \$730 per Tonne
  
- In 2005, 20 Tonnes of DAP fertilizer cost the equivalent of 14 steers;
- In 2014, 20 Tonnes of DAP fertilizer cost the equivalent of 36 steers
  
- In 2005, 2000 Litres of diesel cost the equivalent of 3.25 steers;
- In 2014, 2000 Litres of diesel cost the equivalent of 5 steers
  
- ***During this same period of time the price of cattle actually decreased!***

In the midst of this clear evidence we continue to be told that 'most other sales centres have now moved to post weighing cattle, so this will now become the norm'. Why is bullying behavior that is reducing competition, reducing information and transparency, removing a fair price for your product amongst higher costs of production possibly be the equitable future we all seek? Is it really too late now?

All auction systems are based on competition and price. The fox is already in charge of the hen house when livestock are sold 'over-the-hooks' and farmers rely on weights the processor provides for the end price, can we honestly afford to now endorse auction sales systems that decrease animal welfare; decrease transparency and accurate information, and decrease competition by removing, at the very least, the store buyers?

We have the cleanest, most efficient food production of the world, yet we are arguably paid the least for it. Whilst we continue our rapid race to the bottom, can we possibly dare to be surprised the younger generations are not queueing up to join us? Until a fair price for an excellent product becomes the norm, rather than the exception, and sales systems can be relied upon to be conducted without obvious and constant collusion, we can't possibly complain of the lack of succession, or in future, the lack of total agricultural production.

Thank you

Sincerely,

Mr Eddie Hooper and Mrs Jan Hooper

4<sup>th</sup> Generation Cattle Producers

North East Victoria