

THE AUSTRALASIAN MEAT INDUSTRY EMPLOYEES' UNION

(Federal Office)



Federal Secretary
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Select Committee on Supermarket Prices
PO Box 6100
Parliament House
Canberra ACT 2600

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Dear Committee Secretariat,

Submission to Inquiry

The Australasian Meat Industry Employees' Union ("AMIEU") represents workers in the meat industry from across Australia. This typically includes slaughterers, boners, and those who prepare case ready meat from the meat production stage through to stacking the shelves with meat at the supermarkets.

Terms of reference

a. the effect of market concentration and the exercise of corporate power on the price of food and groceries;

The existence of only two major supermarket retailers in Australia provides real issues with competition, fairness and proper regulation of the grocery industry. Since floatation of the dollar and the exit of government from all markets, this is a theme that continues to grow and persist in a host of other industries such as air travel, telecommunications, hardware and tools, news, banking and fuel.¹

This continued monopolisation of goods and services has provided corporate Australia with all of the levers to control markets – leaving consumers, farmers, workers and others with no genuine alternative but to participate in the existing system.

The meat processing industry is no exception: Teys' Brothers, Nippon and JBS likely control upwards of 70% of the beef market.

Recently there has been a significant reduction in the price of lamb roasts in supermarkets back to 2013 levels, which is a welcome addition for the community. Despite this, the price of beef remains very high, and other more novel meats that have continued to gain popularity have surged despite there being no issues of supply and demand. For example:

- In 2021 Kangaroo mince was retailing for \$7 per kg, and that same product is now retailing for \$14 per kg. Australia does not have a supply and demand problem in respect of Kangaroos.
- In 2013, 4-star beef mince at Coles was being sold for \$8 per kg. That same product is now retailing for \$16.00 - \$18.00 per kg.

¹ The same can be said of housing whereby the government left the market and accordingly prices have continued to skyrocket.

- In 2014, freshwater basa was being sold at Coles for \$5.50 per kg. In June 2016, farmed basa was being sold for the same price. Now, freshwater basa is being sold at Woolworths for \$11.00 per kg.
- In 2013, Beef blade steak was being sold at Woolworths for \$7.95 - \$8.06 per kg. Today, that same cut is between \$24 - \$30 per kg.
- In 2013, Beef rump steak was being sold at Woolworths for \$12.99 per kg, and it now retails for \$32 per kg.
- Offal, which is typically low in fat and high in nutrients has doubled in price in the previous 2-3 years.

In June 2016, Coles was selling whole chickens for \$4 per kg, and that same product is being sold today for \$4.50 per kg. Meanwhile, the price of chicken breast virtually remains unchanged over the last ten years. The price of chicken has either kept pace with wages and or the supermarkets were likely profiting off chicken to higher levels back in 2016 (and earlier). Typically, chicken meat is a domestic commodity and therefore is not at the influence of global markets.

Generally, the corporate argument is that supply and demand is the only formula that is required to dictate prices. In some cases this might be true, but the price of poultry has remained at the same price for over a decade yet demand has increased (consumption has doubled in the last 30 years)² – largely due to the price increase of beef.³

Simple patterns of supply and demand do not account for the price changes and rises that Australia is seeing, and it is more likely that the supermarkets (and corporations generally) have been incredibly opportunistic and profiting beyond what might otherwise be considered reasonable (just as many other businesses have as regulation and competition has further relaxed).

With respect to meat prices, 70% of meat goes to the overseas export market, which ultimately dictates domestic pricing. This is the inherent challenge with the present system and the continued reliance on the globalisation of goods and services as opposed to protectionist law making and policy that protects and supports the community.

b. the pattern of price setting between the two major supermarket chains;

This is not within the AMIEU's expertise, but in our broad experience, the prices between both supermarkets appear very similar.

c. rising supermarket profits and the large increase in price of essential items;

Meat is a staple in the diets of most Australian families and while the price of meat has fallen at the wholesale level, this has not translated to price decreases for the consumer. Indeed, even some of the healthiest affordable alternatives such as kangaroo and offal have increased 100-200% in the space of 2-3 years.

d. the prevalence of opportunistic pricing, price mark-ups and discounts that are not discounts;

This is not within the AMIEU's expertise.

² <https://chicken.org.au/our-product/facts-and-figures/>

³ [Meat consumption - DAFF \(agriculture.gov.au\)](https://meatconsumption.gov.au/)

e. the contribution of home brand products to the concentration of corporate power;

This is not within the AMIEU's expertise.

f. the use of technology and automation to extract cost-savings from consumers and employees;

While not strictly technological or automatisisation related, Coles and Woolworths have closed nearly all of their meat departments across Australia in a continued bid to centralise services.

In 2021 (depending on which supermarket chain), the number of workers made redundant accounted for somewhere around 1-1.5% of their entire workforce. Woolworths' reason is that demand has reduced for butchery style products in favour of prepackaged meat. This was plainly a cost cutting measure in circumstances where Woolworths and Coles were already making significant profits in their meat departments.

The current practices are also more harmful to the environment through the creation and distribution of excess plastics, and with such an extensive monopolisation of meat products (and products generally), it will only serve to continue to put independent butchers further out of business (unless they can compete with the pricing & structure of the supermarkets).

The change in business model by the supermarkets has also extinguished the traditional relationship that consumers had with their butchers and customer service representatives. Unless steps are taken to decentralise production processes in favour of the customer, then the community will invariably suffer further in the quest for profit over people.

g. improvements to the regulatory framework to deliver lower prices for food and groceries;

Please see (h) as below.

h. frameworks to protect suppliers when interacting with the major supermarkets;

Following the gradual exit by the Commonwealth from all markets, it has become clear that the Australian legal and political system has failed to protect suppliers (and the public) from unconscionable and other conduct with respect to the supply and retailing of products. The AMIEU suggests the following that could improve competition and frameworks:

- Transparency of both supply and purchase costs by farmers and supermarkets with appropriate enforcement mechanisms for failure to comply.
- Require financial reports of all medium and large (50 employees or higher and/or based on revenue testing) companies publicly available.
- The establishment of a nationwide farmers co-operative (run by farmers and government) with support from the Commonwealth to provide start-up funding to directly compete with Coles and Woolworths.⁴
- More direct government involvement in regulating the economy.
- Public reporting of farmgate and wholesale prices of staple and other agricultural products such as meat.
- Require supermarket tickets to disclose the prices to which the supermarket pays for items.

⁴ This invariably has the risk though that farmers (collectively) will benchmark their price based on Coles and Woolworths' existing prices, which would see the situation significantly worsen. If such a venture was undertaken, price setting by government would likely need to occur.

- Farmers (collectively) could consider organising themselves such that they put themselves in a better position to negotiate. The current legislative framework would likely consider this to be cartel conduct (and accordingly could be amended for certain limited purposes) which effectively places the individual supplier at the mercy of the large corporation, which is in stark contradiction to the power that workers have at the bargaining table.

i. the role of multinational food companies in price inflation; and

This is not within the AMIEU's expertise.

j. any other related matters.

Should the Committee wish to hear from the AMIEU at a public hearing, then we would be pleased to assist.

Yours faithfully,

Matt Journeaux
Federal Secretary
AMIEU