

3rd September 2015

Red Meat Senate Inquiry
Senate Rural and Regional Affairs and Transport Committee

Dear Senators

I would like to congratulate you for your attendance and willingness to seek some answers to the many issues facing the red meat industry with particular concern for its producers. If I may I would like to comment and maybe clarify some questions and discussions that took place.

Senator Bullock questioned Mr Carroll in relation to the need to no sale cattle at the Barnawartha sale yards, I feel Mr Carroll didn't fully understand your question which I think was to ascertain why would a producer wish to no sale cattle if it was going to cost him \$18 for the fees plus the cartage, my answer would be a producer may wish to no-sale cattle if the buyers did act in a collusive manner to reduce the price on the day, or a major buyer chose not to attend the sale, or if simply the market was driven down in which case could cause a significant drop in price. I have seen the price drop .40 cents/kg from one week to the next (which could equate to a \$200 – \$300 loss per head and if the producer had 30 – 50 head could be discounted \$9000 – \$15000), in fact Tuesday's NVLX market report quoted 10 c/kg cheaper. In this situation the producer could well benefit by following through a no-sale. The last few years we saw a lot of price fluctuations. So at this point we still do not know if we can no sale and in my submission I have asked this question and have also asked the question: Can a producer place a reserve price on his pen of cattle? I am hoping your team can investigate further. Another point I was hoping someone would mention is that there does not appear to be any other country selling cattle on a post-weigh basis and I would appreciate if you can confirm this which could be good enough reason in itself to change back to a pre-weigh system.

My father & I sold some cattle a few weeks back, I saw them sold at around 9 am and I waited till around 11.00 they still were not weighed, I felt a little silly waiting around on my own, gave up and went home. These cattle were collected from our farms at 2 pm the previous day, at least 21 hours and they were still not weighed. We did weigh my Father's cattle just before loading and when comparing weight results one heifer lost 10% and the others lost 7.5%. Pre-sale they would normally lose 5%. One fellow who attends regular sales and who we nominated as our VFF representative to sit on the NVLX committee, gave an opinion at our last meeting if there were to be a yarding of 5000 head as they did often have last year they would be still weighing cattle the following day. There are a number of issues at these yards and users are having real difficulty in being listened to. One problem is the unloading area does not have any roof and this winter become very muddy, which made it dangerous for the carriers who have requested further work to roof the area, however the manager has clearly stated this will not occur under any circumstances. Interesting that they are so concerned about health and safety of their workers working during the night but not about the safety of the carriers.

The discussion with Mrs Cottam when talking about the trim many of us feel there would be less issue if processors did not trim until after weighing. The United States does not trim the carcass, it is weighed and graded accordingly as trimming does have a value and should be included in the sale and of course the offal should be paid for, I liken not paying for the offal to theft.

I would also like to give the heads up on the MLA transparency report see below article from Beef Central:

<http://www.beefcentral.com/news/three-options-identified-under-beef-supply-chain-transparency-project/>

That out of the three possible options:

1. Mandatory price reporting
2. Voluntary price reporting
3. Enhanced MLA price reporting

The MLA will recommend number 3 and I could possibly give a few more predictions however let's not be too cynical, like the government not having the stomach for mandatory reporting!! I for one would be happy for our levies to go toward a mandatory price reporting system, I believe it will be the only way to get price discovery.

Another point I was a little disappointed with was no one mentioned the fact that in the Summary of ABARES Financial Performance of Beef Cattle Producing Farms, 2011-12 to 2013-14 Report, states in Northern Australia '...farm business profit is estimated to have declined sharply from an average of -\$6,100 a farm in 2012-13 to -\$63,000 a farm in 2013-14' and in Southern Australia 'farm business profit is estimated to have declined from an average of -\$900 a farm in 2012-13 to -\$9,000 a farm in 2013-14.' This surely should be evidence of an industry in despair which begs the question what were the Department of Agriculture thinking missing this important detail from their summary? In fact I could not find anything in their report about the obvious dismal state of farm profitability, they do however recognise how significant our contribution of \$11.4 billion is! Where else would you get so many doing so much for so little?

One more item you may wish to discuss with Mr Norton in your next meeting with him is in relation to the article below which demonstrates to me MLA who continue to claim they are only a service provider, are making a decision on whether the reporting of Auction Plus sales, which is now 280,000 head per year, making them the largest single auction, should be included in the ECYI. MLA have decided they should not include them in the ECYI as farmers do not have to pay the cartage, which they believe would distort the figures, a poor excuse especially when Auction Plus has a higher average sale price. These cattle are pre-assessed making it very easy to include all the score 2 and 3 cattle which are what are included in the ECYI. The main point here is that this decision should be an industry decision not an MLA one.

<http://www.beefcentral.com/markets/should-auctionsplus-sales-be-included-in-nlrs-reports/>

For what it's worth I agree with Mr Fletcher, the sheep meat industry would be best served with its own corporation.

Thank you again for your willingness for open conversation and interest in asking the difficult questions in order to seek some solutions, I am looking forward for some major industry reform.

Kind regards

Loretta Carroll