

6th February 2024

Senate Select Committee on Supermarket Prices

We are producers and have been supplying beef to Woolworths/Greenstock for several years.

We understand that we operate in a beef market that sees 70% of our nations production exported contributing approximately 8 billion dollars to our national economy.

We also understand that the domestic market is our largest single market. This means our prices are largely affected by forces that are way out of our control.

We have learnt that when everyone has something to sell the price drops and when no one has something to sell the price rises... Traditional forces of Supply and Demand.

Producers are traditionally price takers and not price setters.

There are areas where hopefully producers can take actions to produce a popular consumer article.

Meat and Livestock Australia initiated a programme in 1998 for grading beef which was purely based around customer satisfaction. Woolworths are one of the adopters of this programme known as MSA (Meat Standards Australia) which means they reward producers that comply with the grading criteria.

We expect a premium price for this product and so far that has been forthcoming. Most branded products are now underpinned by the MSA grading programme. This does not exclude customers from purchasing "budget" cuts and they are normally visible in all retail outlets.

Retailers are an ally to producers as without them we have no business. When we sell to a processor we are paid on a Hot Standard Carcass Weight basis of which the end user normally finishes with approximately 70% of saleable product.

Finally when the retailer gets the product to market he achieves the following saleable meat yield:

10% of high value cuts

30% mince and sausages

20% roasting and stewing cuts

the balance of the retailed product consists of bone and miscellaneous cuts.

I make the above points to highlight the common perception that there is a huge discrepancy between what a producer receives for a whole animal and what a retailer receives for a kilo of fillet steak.

Additional costs incurred have been inflated by the cost of power which our industry is a major user of; Transport costs; Labour costs and availability; the decline in the price of hides which usually helps offset killing costs.

I make this submission as a producer and a defender of all sections of our industry which in the last 25 years has made significant gains in the supply and quality of our product. We rely on retail butcher shops as well as the supermarkets to purvey a necessary protein to our public.

Adhering to your guidelines I would be happy if my name was withheld so as not to offend other customers or producers.

Yours faithfully

