

Senate inquiry into Industry structures and systems governing levies on grass-fed cattle.

Dear Senators,

As a grass-fed cattle producer producing mainly store weaners for sale to fatteners or backgrounders for feedlots I wish to put this submission to your inquiry.

I believe that the \$5.00 a head transaction levy on all cattle transactions is unfair as it does not reflect the profit that is made at any stage of the production process.

As it is now \$5 is levied on every beast whether it is worth \$50 or \$1500. It is levied every time a beast is sold so that if an animal is sold 3 or 4 times during its life then it will have attracted levies of \$15 or \$20 dollars whereas a beast that is bred and fattened without changing owners will only attract the one levy of \$5. These levies are of course budgeted into the price people are prepared to pay for an animal and thus are borne by the initial producer ultimately, this could mean that a breeder selling a weaner at its initial sale may be deducted possibly \$20 or so for levy costs in the production system that would not be there if there was no levy.

The levy when it is collected is principally used in the promotion of meat sales. I contend that meat is a different commodity to livestock, that when livestock are converted into meat the livestock producer has no further interest in its marketing. A bit like saying an iron ore producer should be levied to promote Holden cars. If a livestock producer wishes to be in the meat selling business then let him be so by buying shares in a meat processing business, but this should be by choice not mandatory.

I don't profess to know all the ins and outs of who gets what or why from the levies collected, I just know that the object of the levy was to improve the lot of producers but all I have seen is diminishing terms of trade year after year for our business. I see highly paid executives, glossy magazines and TV advertisements and still less in my pocket.

We have spent millions developing Meat Standards Australia (MSA) just to be picked up by Woolworths etc. as MSA without the ticks and stars the system is supposed to have to describe the quality of the meat. Again this is a cost the meat producers should pay for if they wish, not the livestock producer. I still cannot understand why meat cannot be physically tested to determine its quality.

We spend millions on RFID tags to supposedly be able to track the product from paddock to plate. We personally have lost hundreds of these tags in the paddock all having to be replaced when the animal is sold at a cost of \$3.50 or so per tag plus the effort and trauma of retagging the animal. Fortunately we do not buy in animals so can replace them with our own tag. I cannot imagine the stress on farmers that buy cattle from many producers and have the tags fall out.

I believe that the livestock industry should separate itself entirely from the meat processing industry, that it should raise a levy solely for its own purposes, such as selling systems, transport systems, livestock health, genetic improvement, pasture production, all the things that help make the producer more profit. Perhaps we should investigate having a closed shop, restricting entry to production like most other professions do. As it is we are being dominated by a few meat processing companies and meat outlets pushing livestock prices down and down.

I propose a levy system which provides a percentage discount to the purchaser of livestock at each transaction until the animal is finally slaughtered where it is collected by the Gov. This would mean that everyone in the chain of production would pay a percentage of the value added at each transaction but only collected when finally slaughtered (similar to the GST). This would then reflect on the success of the levy expenditure as higher prices would mean more levy.

The structure of the MLA gives livestock producers very little say as to who gets on the Board or how the levy is spent. I propose that a new organisation be formed representing only livestock producers and that voting be apportioned to the amount of levy paid or discounted as in the system above.

In conclusion:

- a) The present \$5.00 transaction levy is unfair and should be replaced by a percentage transaction levy similar to the GST.
- b) The MLA should be abolished and replaced by two organisations one representing livestock producers and if they wish one representing meat processors and sellers.
- c) The NLIS should be abolished unless it can devise an animal identification system that is cheap and permanent. The present tags are neither.
- d) MSA needs a complete overhaul or abandoned.

James Ramsay

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