



Wangaratta Branch

SUBMISSION

to the Senate Inquiry into

The Effect of Market Consolidation in the Red Meat Sector

28 June 2015

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Executive Summary

i. This Submission briefly discusses many of the symptomatic issues arising out of an alleged buyer boycott at the Northern Victoria Livestock Exchange (NVLX) at Barnawartha, Victoria, in February 2015. It is alleged that one processor, representing 21% of the Australian market, instigated a boycott in furtherance of an ultimatum (successfully) to the NVLX management regarding weighing procedures. This alleged boycott was a prime factor in the establishment of this Senate Inquiry.

ii. The symptomatic issues outlined in this Submission are as follows:

- a. A single processor with significant market power successfully forced a saleyard operator to accede to an ultimatum, and was aided in doing so by a group of buyers.
- b. In the period 2000-2013, average per kg price achieved by producers at saleyard auctions grew 20%, compared to retail price increase of 45%, and CPI increase of 49%. Over the four year period to 2013, Processor margins grew 400%.
- c. The scale of this disparity needs to be explained. Producers assume some level of buyer collusion, and there is a presumption that the auction system used in saleyards is not functioning as it should.
- d. The two distinct channels for cattle sales, Direct (70%), and Saleyard Auction (30%) rely on a pricing mechanism which is a closed, self-reinforcing loop, controlled by the same buyers operating in both channels.

iii. These issues by and large are lacking in evidence or data, and it is difficult to establish or prove specific causal problems. However we contend that this current inquiry is contiguous with the recent *Senate Inquiry into the Grass Fed Cattle Levy Structures and Systems*. That inquiry examined the problem of tension between the producer sector and the processing sector, concluding that the producer sector needed to take greater responsibility for its own marketing.

iv. We propose that, given the difficulty and expense of attempting to “prove” buyer collusion or anti-competitive behaviour, the focus should be on one proposed course of action that may provide a simple and reasonably comprehensive solution.

v. We posit that the current pricing mechanism which “sets” farm gate prices for 70% of all cattle sales via the direct channel, being based on contemporary auction prices at saleyards, is, in theory at least, seriously flawed. This is because the same buyers are operating in both channels. If collusion between

buyers exists at saleyards, resulting in lower prices, then the flow-on effect is significant to the other 70% of the market.

vi. We contend that the disparity between prices to producers and prices to processors over the last ten years is indicative that the current pricing mechanism is likely being artificially repressed.

vii. We propose that the Producer sector take more control over its own marketing within its own channel. This would involve the producer sector using some share of its own levy money within its own channels. We believe that the primary target of such marketing expenditure be investment in improved auction systems which enhance true competition, by making collusion difficult. We also suggest that given the resources, the producer sector can drive an improved marketing standards and information regime. We emphasise that the definition of “marketing” be explicitly examined.

viii. We make no recommendations as to how this be achieved, noting that the Grass Fed Levy enquiry recommended that a new producer-based entity be established for just this purpose.

ix. We do recommend that the Minister for Agriculture delay any actions on the recommendations of the Grass Fed Levy enquiry until this Inquiry is complete.

Introduction

1. The rural city of Wangaratta is in North East Victoria, some 250km by road North of Melbourne, and 75km by road south of the Murray River at Albury-Wodonga. The Wangaratta Branch of the Victorian Farmers Federation (VFF) is an active group of federation members, the majority of whom are cattle producers. Our branch meetings are also attended by members from neighbouring branches in the Ovens and King Valleys. Major agricultural activities in our area include cattle and sheep production as well as cropping and viticulture.
2. This submission is a Branch submission, prepared separately from any individual submissions made by Branch members.

Background

3. The Senate inquiry was triggered by the “Barnawartha Boycott” on 17 February 2015. The Barnawartha Saleyards, trading as the Northern Victoria Livestock Exchange (NVLX) are located on the southern outskirts of Wodonga, and many of our members send cattle to that saleyard at least occasionally. Some of our members were affected by what occurred on 17 February. Wangaratta has its own cattle saleyards which are well patronised by local producers. Many of our members attended the public meeting held at the Barnawartha Public Hall on 02 March 2015, called by the Victorian Farmers Federation (VFF), and the NSW Farmers Association. A summary of key points from the meeting is attached as Appendix 1, and the key issues raised are discussed throughout this paper.
4. The Barnawartha Boycott incident infuriated local producers. As we understand it, one of the principle buyers put a written ultimatum to NVLX management at Barnawartha that if they did not immediately employ a post-weigh system, he would not be attending the next sale. In the event, ten additional major buyers, nominally accounting for 45% of normal purchases on a sale day, did not attend, without warning. This was considered an outrage by farmers. The buyer who allegedly put the ultimatum represents a company that controls 21% of the Australian processing market.
5. Our Branch convened two special meetings in March (after the Barnawartha Public Meeting) to discuss the incident, and canvass proposed Terms of Reference (TOR) and other input into the VFF’s proposal for this inquiry.
6. The Wangaratta Saleyards are owned and operated by the Municipality, one of the few remaining such enterprises in Victoria. It is well accepted among our local farmers that public ownership is one of the few defences our saleyards have against anti-competitive pressure from large buyers or processors such as occurred at Barnawartha.

Scope

7. This Submission is focussed only on beef production and the sales channels from farm to processor. It does not attempt to cover in detail all issues related to the TOR.

Discussion - Problem Definition

8. There are two key points regarding the Barnawartha boycott: the first was that it appears to have been instigated by a buyer who wields extensive market power. The second point is that the issue at stake was the matter of weighing livestock. Traditional saleyard operations use “pre-weigh”, where cattle are weighed before the sale, and bidders bid on known weights. In recent years, many saleyards have changed to “post-weigh”, where cattle are weighed after being sold. Producers generally prefer “pre-weigh” operations, due to the primary reason of weight loss experienced by stock after being in pens for 12-24 hours before being weighed. It is widely accepted in the industry that “post-weigh” has been forced on the saleyards by buyers and processors, against the wishes of producers. In the case of the Barnawartha boycott, the management of the NVLX believed they had no choice but to accede to the ultimatum and change immediately to post-weighing (see Transcript, Appendix 2, Line124).

9. The Barnawartha meeting heard a number of complaints and comments. A comment summary and meeting transcript are at Appendices 1 and 2.

10. The issue of whether an organised boycott constituting anti-competitive behaviour can be proven was a major talking point. The last time this was a public issue in Victoria was after a 2008 boycott incident in Gippsland, where the Australian Competition & Consumer Commission (ACCC) investigated, but no further action resulted, and there is a perception among producers that the ACCC is “toothless” in this regard.

11. Another major talking point at the Barnawartha meeting, symptomatic of the problems facing producers, was the differential between the revenue growth, prices, and margins for producers versus processors over the last ten years. The empirical evidence varies somewhat according to sources, but according to Meat & Livestock Australia (MLA) data, the average annual Profit Margin per kg for Processors has risen from \$0.70 in 2009, to \$2.79 in 2014 an increase of 400% while at the same time, price per kg achieved by producers has increased approximately 10%. The causes for this disparity may be varied and complicated, and may include factors such as increased processing efficiencies, or increased margins at retail. Nonetheless, for producers this is currently a key source of discontent

12. Other data shows that in the period 2000-2013, the average retail price for beef rose from \$10.60/kg to \$15.38/kg (45% increase), while the average

auction wholesale price went from \$2.37 to \$2.84 (20% increase)¹. The CPI increase over that time was 49%². Without calculating any changes to farmers' cost structures, it seems clear that farmers' margins have been significantly reduced over this 12-year time frame.

Note: it is assumed that other submissions, including from the farmer organisations, will present and discuss quantitative data in this regard.

13. It is widely accepted that, as at 2015, world demand for beef is as high as it has ever been, and that supply is in general not meeting demand. This explains why export prices being achieved currently are high. If the large variance between wholesale and retail price growth discussed in the previous paragraph is established, and wholesale prices are ostensibly being set impartially by the auction market, then basic economic principles would indicate that either the auction system is not working freely, or retailers and producers have managed to vertically integrate to the point of achieving enormous efficiencies or economies of scale. (We note that domestic beef prices being achieved in 2015 at auction are breaking records as at June, but we also note that data in commodity markets needs to be analysed over long time frames to be meaningful.)

14. There are two broad channels for cattle sales: "Saleyards", and "Direct". Approximately 70% of all cattle sold domestically are sold Direct, outside the saleyard auction system. That is, farmers sell direct to processors or other buyers at an agreed farm gate price. However the agreed price is usually set against the benchmark of recent local auction prices. The auction prices achieved are supposedly determined by "market forces" integral to an open auction system. A feature of the two-channel system however, is that the buyers in both channels are the same, and the prices being offered in the Direct channel are set at auction by the same buyers in Saleyard channel, in what is essentially a closed and self-reinforcing pricing mechanism. It therefore follows that should prices in saleyards auctions be repressed by buyer collusion, the effect is carried through to the other Direct channel.

15. It is widely believed among producers that collusion between buyers is a fact at saleyard auctions and elsewhere, but that it is impossible to prove. It is worth noting that many cattle buyers act on behalf of multiple clients, and that this fact is likely to have a repressive effect on prices achieved at auction, particularly if it is the case that buyers are rewarded for buying cheaply, i.e. below an client-indicated price. We are not aware of any other auction system where one bidder represents more than one client for the same commodity.

16. In regard specifically to the effect of market concentration, we point to several broad areas of concern. The first is the ability of large processors being able to influence prices and exert repressive force on prices to producers, in either of the two channels as discussed in previous paragraphs. The second

¹ SOURCE: ABARE 2013 Agricultural Commodity Statistics (tables 131-140)

² Australian Bureau of Statistics

³ From 2014 MLA Annual Report. Based on a total beef levy revenue of \$71m, and \$3 out of \$5 being

concern is that large processors' quest for efficiencies may result in shifting costs back to producers. One example of this has been the imposition of post-weighing. Another example may be the shifting of onerous transport costs back to producers, which occurs when cattle have to be transported further due to local plant closures. This will be of greatest concern where there is a geographic concentration, such that producers have no alternative buyers. It was this concern that was expressed by producers over the recent takeover of the Scone abattoir by JBS, and it is a concern that was realized when an abattoir on King Island was closed in 2012, forcing producers to bear the costs of transporting live cattle to the mainland.

Beef Processing Oligopsony

Oligopsony: a market form where a small number of buyers may exert influence over a large number of sellers or suppliers.

17. The beef processing industry in Australia is developing into an oligopsony, with two large firms controlling an estimated 49% of the market, and the four largest firms controlling an estimated 60% of the market. In 1988 the four largest processors controlled 24% of the market. These processors are subject to the Trade Practices Act, but it is extremely difficult to prove anti-competitive behaviour under the Act.

18. It is possible that there exist virtual regional monopsonies, but this has not been investigated for our Submission. However it is possibly a matter for further investigation by the Committee.

19. The red-meat sector has a number of features that distinguish it from other oligopolistic markets, but chief of these is the fact that as an agricultural industry, supply is affected by uncontrollable factors such as weather. This means that market supply and demand is fluid, and pricing is volatile. This factor provides an incentive for major players to attempt to influence prices, whether for "beneficial" smoothing purposes, or for profit gouging. Given the type of auction marketing systems currently in use, there is opportunity and means to do so.

Summary of Concerns – Addressing the Terms of Reference

20. (1) Misuse of market power through buyer collusion:

- a. We contend that there is a general belief among producers that buyer collusion occurs routinely, and that it always has, and that this has the effect of suppressing prices. We acknowledge that proving collusion is almost impossible.
- b. We point to the Barnawartha Boycott as prima-facie evidence of buyer collusion, in pursuit of an outcome detrimental to producers.

21. (2) Impact of red meat processor consolidation.
- a. Fewer processors means fewer buyers, which would make collusion easier in the auction system, as well as lead to reduced competition for stock.
 - b. Processor consolidation will likely lead to further geographic concentration of abattoirs, in turn leading to increased transport costs which would likely be borne by producers.
22. (3) Selling structures and processes at saleyards.
- a. We point to the disparity between prices growth to producers versus prices to processors, retailer, and exporters, as prima-facie evidence that the auction system is not delivering freely determined prices.
 - b. We point to auction practices generally as problematic. This specifically includes the practice of buyers buying for multiple clients.
 - c. We are strongly in favour of pre-sale weighing. Pre-weighing enables better purchasing at store sales, and we believe that pre-sale weighing has been imposed on saleyards by processors.
 - d. Post-sale weighing has had a number of detrimental flow-on effects: more onerous for transport businesses after a sale, and a range of animal welfare issues.
23. (4) The Regulatory environment:
- a. As previously noted, in relation to anti-competitive behaviour we believe there is little enforcement capability within the ACCC due to the difficulty of making an evidence-based case.
 - b. In relation to the broad area of industry regulation, standards, etc, we note there are numerous industry bodies with a stake or role. These include:
 - Meat & Livestock Australia (MLA)
 - Meat Standards Australia (MSA)
 - Cattle Council
 - Livestock Saleyards Association of Victoria
 - National Selling Services Association
 - Australian Property & Livestock Association
 - National Saleyards Quality Assurance Scheme
 - livestock transport associations

Other than the obvious observation that there seems to be an over-abundance of organisations, we make no comment on these as there is no evident relevance to the matter of anti-competitive behaviour.

24. (5) Any other matters: see next section.

The Producer Levy & Marketing Expenditure

25. If it is accepted that the revenue and margin growth at the processing and retailing end of the industry is significantly out of proportion to the growth in returns to producers, then some immediate inferences clearly flow. The first is that the pricing mechanism at wholesale (i.e. the auction system) is failing the producer. The second is that the producers' investment in marketing, via the compulsory \$5/head levy, is not providing a return to the producers – only to the processors and exporters.

26. In 2014, MLA collected and spent an estimated \$42m of beef producer levies on beef marketing³. The precise breakup of how that money is allocated is difficult to determine from the MLA Annual Report, but we can see that \$17.8m was spent on "Export Promotion", and \$7.9m spent on "Domestic Promotion". As far as we can determine, no marketing funds were dedicated to the marketing channels between producer and processor. Therefore we infer that the MLA's marketing strategies are predicated on creating consumer- and export demand. That is, a consumer "pull" strategy. We contend that, while this may have been a valid strategy in some previous environment of over-supply of red meats, it is most certainly not the case currently. Rather, we would contend that demand for export beef is currently not fully met, and we would also contend that consumer advertising in export markets may serve to differentiate Australian beef only insofar as to attract a price premium. If these contentions are true, then producer levies are not being spent to the benefit of producers.

27. Taken together, the two preceding paragraphs point us directly to a solution: redefine a marketing strategy to include the producer-processor channels, and apply levy funds to improve the selling system. Improving the selling system would incorporate modernising the auction system; including the prospect of developing and/or acquiring electronic-based selling systems which could be employed at saleyard auctions. Funds could also be applied to implementing international best practices in sales, grading, documentation, and information systems.

28. It is outside the scope of this Submission to explore the possibilities in relation to modernising the auction system. As long ago as 1994 there was an acceptance that Computer Aided Livestock selling would become the norm,

³ From 2014 MLA Annual Report. Based on a total beef levy revenue of \$71m, and \$3 out of \$5 being assumed spent on marketing.

probably incorporating live-weight across-the-scales auctions⁴, however this has not yet come to pass.

The Senate Enquiry into Grass Fed Cattle Levy - 2014

29. We note that the *Senate Inquiry into the Grass Fed Cattle Levy Structures and Systems*, completed in late 2014, made a number of recommendations relating to the application of the compulsory revenue collected from producers. Broadly, the recommendations of that Inquiry included the recognition that Producers should have more control over the spending of the levy, and to that end, a new, producer controlled body be legislated. As at 28 June 2015, the Minister for Agriculture has not implemented any of the recommendations of that Inquiry. It is our view that the current Inquiry be considered contiguous with the Grass Fed Cattle Inquiry, and therefore we recommend that the Minister for Agriculture consider the outcomes of this enquiry before implementing any previous recommendations.

Conclusions & Recommendations

30. We conclude that many complaints by producers relating to increasing concentration in the red-meat processing sector can never be validated, or allegations of anti-competitive actions in contravention of the Trade Practices Act be proven to the extent required by the Courts before sanctions can be imposed. We therefore recommend that this committee consider, in conjunction with the findings of the previous Grass Fed Cattle Levy Inquiry, ways in which cattle producers can make their own determination as to spending their levy money on marketing systems within their own channel. We would expect that priority would be given to investing in improving the auction sales system. We note that there is a common perception among producers that “marketing” is simply analogous to “advertising”. This perception needs to be changed.

31. We are prepared to make a presentation at any public hearing held by the Committee of Enquiry. We recommend that a hearing be conducted by the Committee in the vicinity of Albury-Wodonga, convenient for producers in North-East Victoria and South-East NSW.

Appendices:

1. Barnawartha Crisis Meeting – Summary of key comments.
2. Barnawartha Crisis Meeting Minutes

⁴ Australian Industry Commission Report: Meat Processing. Australian Government Publishing Service, April 1994

Summary - Ideas and Comments

Boycott Crisis Meeting, 2nd March 2015

Barnawartha Soldiers Memorial Hall 12.30 pm – 2.30 pm

These are some of the comments from the meeting:

1. A call for industry-wide change for all sale yards to pre-weigh
2. Recommendation to regulate and licence buyers to limit how many processors or wholesalers they can buy for
3. Huge concerns with JBS purchasing Primo
4. Post sale doesn't give equal information – equal rights
5. ACCC should phone tap buyers to prove collusion
6. Need for 9 pm curfew time to be changed
7. Concerns as to what will come next
8. Officially object and reject post weighing
9. Alert all agents that we will say no to post-weighing
10. Difficult to purchase livestock on visual assessment alone
11. Call for legal opinion as to transfer of ownership (fall of hammer or weighing point)
12. Farmers feel processors should pay for weighing fee
13. Question at what point can farmer no-sale cattle - Question was not answered
14. Can farmers ask agent to weigh prior to sale for poorly finished stock
15. Cattle for Store sale and bulls at fat sale will be pre-weighed
16. Discussion on proposed acquisition of Primo
17. Discussion on the calculated loss to farmer
18. Call to detail starting time of curfew from property at time of cartage on NVD form
19. Transport representative complained of the problems with Shepparton Sale yards with post weigh – difficult to transport stock for kill within 48 hours and other problems
20. Questioned where MLA stands in all this – we pay for marketing, the processors getting the return, not us
21. Systemic problems - suggesting all parties need to come together
22. Animal welfare issue arising from post weigh
23. Quality of meat will be affected and down-graded
24. As there was no consultation with farmers call on NVLX to reverse decision of post-weighing
25. Need a marketing system that recognises all the work that goes into producing beef
26. Important to work together
27. Need to reassess conditions of sale
28. Can't keep giving into ultimatums – Principal practice in corporations – don't give into ultimatums!
29. Questioning why does the \$ gap keep widening between producers and processors
30. Concerns with the supermarket duopoly
31. Broader Senate enquiry across industry to include Coles
32. Call to send cattle to Wagga instead of NVLX, and share transport to reduce cost
33. Call for regulation or legislation for pre-weighing
34. with Senate inquiry-very important to have the terms of reference correct
35. Petition The Treasurer to hold off on Primo decision
36. Work with other industry groups
37. Support VFF and NSW Federation to gain momentum

Compiled by L Carroll, VFF Ovens Valley

1 **Saleyards Meeting**

2
3 **Summary Transcript**

4
5 **Barnawartha Hall - 2 March 2015**

6
7 Moderated by:

8
9 Ian Feldtmann – VFF Livestock (Chair)
10 Derek Schoen– NSW Farmers – livestock
11 John Dunne – NSW Farmers
12 Peter Hunt VFF

13
14 *Notes taken by Greg Mirabella, VFF Wangaratta Branch*
15
16

17 Ian Feldtmann:

18 Feb 17, boycott. Demonstrates the power that buyers and processors have over your
19 livestock and livelihood.

20 We had a lot of calls – we approached the ACCC. They came up last Tuesday. We had
21 a discussion with them: for them to prosecute any further they need factual information
22 from affected producers.

23 In 2008 the VFF took action over the processor boycott of the Gippsland yards. The
24 ACCC was powerless due to lack of information and evidence.

25 This boycott matter has bought things to a head. NSW farmers have been talking with
26 us. There is a call for a senate enquiry, but we need to be clear about what the enquiry
27 would be about. Such an enquiry would put producers issues to the forefront.

28 There are widening gaps between the prices we producers get and what the processors
29 get. It is of concern. Less processors. The pending takeover of Primo by JBS.

30 Today is your chance to tell us your concerns. This is an open meeting. Media is here,
31 so be careful with your words.

32
33 Derek Schoen

34 Short history of NSW farmers and consolidation. The efficient operation of an abattoir
35 is 800-1000 kms radius. Re the proposed acquisition of Scone abattoir by JBS. JBS
36 own Dinmore. JBS will close Scone to improve economies of scale. If Scone closes:
37 40-60 dollars per head increased cost of transport for producers.

38 Yet the ACCC has found that the Scone acquisition will not affect competition!

39 But since July Primo at Scone was pulling cattle from up to 1600kms.

40 Jan 2015 Primo was paying 3.80 but JBS was paying 3.10. Primo was an important
41 counter to JBS power.

42 The ACCC has been advised of likely power issues.

43 We did not think that the Wodonga matter would occur so quickly. The ACCC will find
44 it hard to get evidence. A senate enquiry would allow anonymous evidence. We have
45 asked the treasurer to put on hold FIRB decision.

46 We must draw a line in the sand.

47 Senator Williams said in parliament last week: retail price has gone from \$10 to 16, but
48 farm prices hardly moved.

49 We must sort out what's going to happen at Wodonga. The curfew, waiting times etc
50 must be sorted.

51 If the curfew time is not changed, I won't be consigning stock to the last 4 agents. Also
52 re: post weigh system, transfer of ownership is effected not until weigh – any issues
53 before belong to producer.

54 Today we say enough us enough. We ask the treasurer to convene a senate enquiry.

55

56 FORUM COMMENTS

57

58 “This is bigger than Barnawartha – this needs to be an industry thing.”

59

60 “I want to know where their producer numbers come from? One buyer said to me:
61 we're having a lot of trouble with the weights.”

62

63 “I was appalled at the intro of post-weigh. I will never send stock to Barny. Post sale
64 weighing is post sale paying. The whole object of the exercise: buying stock cheap.
65 The whole reason for live-weight selling was weight. Post sale was never considered.
66 Then the bigger farms started to throw their weight around and dictate to us. I sold
67 cattle over the hook last week, I was happy with the price, and I didn't have to put up
68 with any one dictating terms to me. If they want to pick up the cost of weighing, so be
69 it, I don't own them. It's a legal matter for the Attorney General as to ownership at
70 which point.

71 If we still own the cattle when they're weighted, can we no-sale them if they don't meet
72 a weight?

73 I go to a lot of yards, and I am appalled at the collusion. The auctions system must have
74 competition.

75 I also think we must come to terms with the fact that if we are paying the agents, the
76 agents are beholden to us.

77

78 Audience member: good points. Without competition, producers suffer. Without
79 competition, farm gate prices get dictated. Competition is paramount.

80 If the Primo acquisition is approved, farmers lose. It's time we stopped being price
81 takers. These guys have too much power. We need to say to the treasurer: enough is
82 enough. Need a full Senate enquiry.

83

84 Audience member: Why am I involved? I am outside the market. But I pay market
85 prices to local producers. Started a facebook page. 475 members within 2 days. I was
86 sitting at Wang yards canteen with some buyers and farmers, talking. I copped lots of
87 abuse? Need a cross border committee to plan and act.

88

89 Audience member: (Lamb and beef) We drove 5 hours today because we believe our
90 industry is not on its knees, its on its belly. We should be talking about what's
91 happening in our industry. There is a world shortage of red meat. Why can't we sell it?
92 Because our processing sector is manipulating the market. We must join together,
93 otherwise we're lost. One of the biggest problems we have is the way our yards are
94 run. I'd like to see Minister Billson licence buyers. Limit how many clients an agent
95 can buy for. Its up to us. Need to show backbone.

96

97 Feldtman: BTW last year the VFF took up the issue of Tier qualification for producers
98 in Victoria. Minister Joyce stood by us.

99

100 Audience member: mention of NVLX changing their curfew time. No reason why we
101 shouldn't still have a 6 hour curfew even with post sale weighing. It certainly affects

102 livestock carriers. Make sit very hard on them. I think they're scanned by wands, not at
103 the scales. The other thing is the malfunction issue. We saw what happened when the
104 scales weren't working. Not good enough.

105

106 Audience member: Agrees with previous speaker. Our members (Livestock transport)
107 are having troubles. Reluctant to pick up 1pm on a Monday when they might not get
108 weighed til 3 the following day. Shepparton is always a problem. Regs keep us off the
109 roadf between midnight and 6. Effluent is a big problem. Farmers want to keep them
110 full before they're loaded. Will there have to be effluent ponds along the Hume?

111

112 Audience member: Need to get the message to the pollies.

113

114 Audience member: Can we go to the NVLX and ask to work with them?

115

116 Agent: 2 distinct issues. Consolidation of red meat processing sector, Then there is
117 NVLX and pre-post sale weighing.

118 During the design phase of NVLX there was consultation. Pre-post was a topic all the
119 way along. Buyers rep was strong on post weigh. Geoff Teys wrote that if NVLX was
120 pre-sale he would not be taking part. On Fri 13 he rang me and let me know he was not
121 going to be there. I called a meeting at the saleyards, and contacted all buyers we could.
122 At no time did we expect that 10 buyers would not turn up. On the Tues I canvassed all
123 our members and others. The recommendation was that we sat down with NVLX, we
124 didn't have a choice but to go with post weigh. The decision was a reaction to an
125 ultimatum we were given.

126 (Question: what was the ultimatum? Teys put it in writing. The ten buyers who did not
127 attend have bought 43% of fat cattle through the yards)

128

129 Audience member: Everyone knew Barny was going to be post-weigh. Why did this
130 have to happen. Are store cattle going to be pre- or post? All the ACCC has to do is do
131 phone taps!

132

133 Audience member: Pre sale is level playing field.

134 To me this is about equal rights. Farmers having same rights as buyers

135

136 Audience member: Sad to see an agent who's built his business like he has have to stand
137 up and defend the big buyers. Why does he have to stand up and make excuses. I blame
138 the regulators.

139

140 Audience member: Where is the MLA on this? On the face of it nothing to do with
141 them. But two things that are in their remit. First is marketing. We pay a compulsory
142 fee per head. Yet if it is true that over the last x years revenue (and probably profits) are
143 up 60%, and that all that increase is only at the back end of the industry, in processing,
144 retail, and export, and us producers are still getting exactly the same money, then we are
145 not getting any return on our levy. Maybe the processing and sales end of the industry
146 should be paying that levy. And then the issue of standards. The MLA is responsible
147 for MSA. A lot of discussion about post sale weigh has to do with curfews, timing,
148 animal welfare, surely this is about industry standards? And what about reporting?
149 From what I gather, there isn't much reporting from the processing end. Half our
150 problem is we don't know enough detail about who's making what money.

151

152 Audience member: Lets talk about the money. If a beast is losing how many kgs? How
153 much is Geoff Teys squeezing? Post sale weighing – you need 12c a kg more at post
154 sale to make the same money.

155

156 Audience member: When we buy from the supermarket, we know what it weighs and
157 how much it costs. Animal welfare: why is it now we are starting to look at this.

158 We need better marketing system.

159 Need to use our numbers. Join the VFF. Wed need all the members we can get.

160 Hamilton yards: processors forced them to change.

161

162 Audience member: The agents association own the standards? Maybe they should be
163 producing more user friendly.

164

165 Audience member: Don't give in to ultimatums.

166

167 Audience member: Been advised that under auction rules, the sale does not occur until
168 weighing. Therefore we have the right to no-sale cattle right up until weighing.

169

170 Audience member: Why don't we seek a wider enquiry right across domestic market,
171 including supermarket.

172

173 Audience member: This situation has been a long time in the making. The processors
174 have been snipping away.

175 Senate enquiry is the only way to get evidence. In-camera hearings.

176

177 Audience member: Why cant we seek the middle ground? Introduce curfew and timing
178 standards?

179

180 Audience member: Is the NFF involved in opposing the Primo takeover.

181

182 Audience member: An issue I think we've lost is we have a handful of buyers buying for
183 all companies. An enquiry should be looking into that. It's market manipulation. How
184 can the fat market be kept below the store market? I think there are question to
185 answered.

186

187 Ian Feldtman. In conclusion. 2 issues. Pre-post sale. 1st step. Senate enquiry.

188

189

190 Motion: this meeting should resolve that as a matter of principle we reject post sale
191 weigh. Carried.

192 Motion: we are no longer responsible for cattle after the fall of the hammer. Not carried.

193 Question: to what point can we no-sale? No answer

194 Motion: should seek legislation: eastern seaboard sales must be pre weigh. Not voted

195 Motion: we demand a senate enquiry. Carried unanimously.

196 Motion: we petition the treasurer to hold off on FIRB decision on Primo. Carried
197 unanimously.

198

199 Close

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