

GHD Hassall 2010 Cost Benefit Analysis into Proposed Beef Grading and Labelling Scheme

COST/BENEFIT ANALYSIS

GHD Hassall and Assoc. Interim Report on the introduction of a National Beef Grading Scheme found:

- A rise of 25c/kg for young steers = an increase of \$40.69 = a net per annum farm gate benefit of **\$500 Million**.
- A rise of 50c/kg for young steers = an increase of \$57.80 = a net per annum farm gate benefit of **\$667 Million**.

MLA has spent \$100 Million on MSA, and although significant consumer testing has been carried out, MLA has never conducted any economic analysis on the costs/benefits of that system.

A GHD Hassall Interim Cost/Benefit Analysis Report on the introduction of a National Beef Grading Scheme has now found:

- Approx 3 million cattle are slaughtered for the Australian domestic market each year.
- The Hassall report shows that approx 1.7 Million 8 tooth cows are killed in Australia each year and that most of the table cuts from those animals are sold onto the Australian market.
- The Report shows that, even if all the table cuts from cows were exported, rather than being sold onto the domestic market, the price of cows would fall by \$32 a head.

- If some of the cow beef continued to be sold onto the Australian market, the loss per head would be less.
- If cow meat was taken off the Australian market, the price of younger cattle would increase as a consequence of supply and demand.
- The Hassall report shows that if the price for younger cattle rose by 25c per kilo, it would result in an increase in net farm gate price for every animal slaughtered each year of \$40.69 or a net per annum farm gate benefit of \$500 Million.
- If the price of younger cattle rose by 50c per kilo, the net farm gate price increase per animal slaughtered would be \$57.80 a head. The per annum gain to the industry of \$667 Million.

The report shows that after a 5 year bedding in period:

- If every Australian ate an additional meal of beef every 6 weeks, the payout to the industry would be \$590 Million a year.
- If every Australian ate an additional meal of beef every 3 weeks, the payout to the industry would be \$1.2 Billion a year.
- The \$1.2 Billion payout from a National Beef Grading Scheme estimate by GHD Hassall is consistent with the \$1.2Bn per year payout predicted by the MISF in 1996.

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