

Getting a bigger share of meat buck

COUNTERPOINT

John Carter



ONCE upon a time, long ago, a farmer would kill and dress a lamb or beast and sell or barter with a person wanting meat. He got 100 per cent of the consumer dollar or barter item less his time. Society moved to regulation of meat sales on hygiene grounds. Earlier, under local magistrates, the number of slaughterhouses was limited by the newsagent licencing logic or noxious industry prohibition. (My great grandfather, as magistrate, refused a fifth slaughterhouse licence for Crookwell!) The NSW Meat Authority increased the standards of abattoirs

and slaughterhouses in the move from more than 500 establishments to under 40.

Under the law we prosecuted people caught slaughtering and selling to the public but allowed transfer of such meat to family and relatives.

The hygiene argument was overlooked – with reason.

Most meat illness problems are traced to post-dressing causes.

If meat is properly cooked it is safe. Now we have India, with hygiene standards far lower than Australia's, becoming the world's largest beef exporter.

The "clean, green" slogan has been overwhelmed by economic reality.

Consumers don't want to know what farm their meat comes from and the mandatory National Livestock Identification System (NLIS) argument has proved ridiculous.

In 2008, when Athol Economou and I appeared before the Australian

Competition and Consumer Commission (ACCC) Grocery Inquiry representing the Australian Beef Association, we calculated that Australian beef producers were getting only 27pc of the consumer dollar, as the supermarket duopoly

weekly for many years.

I understood MLA's reluctance. It justified its domestic marketing performance on the price paid by consumers – not the share received by the producers who paid the marketing expenditure.



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In the United States, New Zealand and the United Kingdom the producer was receiving more than 45pc.

Now, after years of pressure, Meat and Livestock Australia (MLA) has agreed to publish a yearly share of the consumer dollar.

The US Department of Agriculture and UK have done this

Now, the lamb industry is being screwed.

Lamb kill (production) is the same as in 2011.

Both domestic consumption and price are up 1pc. Exports are up 16pc, but Australian saleyard lamb prices are down 30pc. The supply/demand theory is shot.

In October, supermarket buyers

withdrew from Wagga's lamb sale – the biggest in the world and formerly the price setter.

The US has mandatory price reporting for all direct sales to abattoirs.

We have none.

Without legislation the National Livestock Reporting Service can't get it. Our largest processor is owned by the Brazilian government.

What to do? I have assembled a case to take to the ACCC.

We need government to enact the US anti-trust legislation.

The US cow price is at record highs. Our cattle market is hopeless. It is time for action.

The late economist JK Galbraith wrote "in the modern economic world, agriculture with its problems is outside general economic comprehension".

Until Canberra's bureaucrats realise this, the collapse of our food industry will accelerate.