

## GETTING THE COMPETITION POLICY SETTINGS RIGHT IN THIS DOCUMENT

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## SUMMARY

RMAC and our beef members are focused on the critical forces that shape our industry.

Getting competition policy settings right; and making our industry as a whole-of-value chain as globally competitive as possible is RMAC's key priority through the *Meat Industry Strategic Plan 2020* and our annual advocacy statement *Feeding Our People 2017*.

We seek at all times a significant positive impact on Australian red meat and livestock businesses and consumers, the Australian economy and the thousands of families and communities we support across the country.

# ACCC Beef & Cattle Market Study - Final Report

We respect the role of the ACCC in their role as Australia's competition and fair trading watchdog, and their new endeavours as part of the newly formed agricultural unit.

RMAC, in partnership with our beef members, have considered the recommendations of the ACCC Cattle and Beef Market the Study.

RMAC understands the Study was formed on the basis of voluntary provision of information; and that in informing the Study insufficient evidence was received about the distribution of profits throughout the supply chain; and specific pinpoints in competition issues.

For this reason, RMAC supports government progressing recommendation 14 in the study; and has outlined our position in relation to the rest of the recommendations.

RMAC has written to the Australian Council of Agricultural Ministers (AGMIN) asking them to consider the policy reform priorities as outlined in Recommendation 14; and will ask the respective industry bodies to provide the cost benefits of improved market reporting and awareness programs.

Our position in relation to the remaining recommendations has been reached with the support of the RMAC membership and the beef and goatmeat producers, processors, exporters and lotfeeders we collectively represent from paddock to plate.



## ACCC Cattle & Beef Market Study — Final Report at a glance

- Not binding on industry or government
- 15 recommendations for beef producers and beef manufacturers
- Published on the basis of voluntary provision of information
- Does not provide significant evidence leading to conclusions about the distribution of profits throughout the supply chain; or specific anti-competitive practices

## Our Position on ACCC Recommendations to the Cattle & Beef industry

### Recommendation One

All processors and other major purchasers of prime cattle should make their price grids publicly available in a timely manner.

**Our Position.** It is the view of RMAC that grids are widely available to sellers or potential sellers of cattle as standard operating practise.

### Recommendation Two

Buyers, agents and producer representative bodies (led by the Cattle Council) should expand their engagement with producers to enhance industry understanding of price grids and their interpretation.

**Our Position.** A range of industry programs are in place to enhance this perceived or actual knowledge gap amongst the production community, including an Aus-Meat over-the-hooks dispute resolution process.

RMAC supports these being refined and improved and understands significant work has been undertaken with this regard by a range of industry players.

### Recommendation Three

All buyers should simplify their price grids, where possible, to ensure they are easy to interpret and compare.

**Our Position.** RMAC supports the simplification of grids where feasible that sends the right price signals for the right products. Across the RMAC membership there has not been widespread feedback either pre-or post farm gate these are complex to deal with.

### Recommendation Four

Meat & Livestock Australia (MLA) should continue its work to improve the collection and public reporting of cattle sale prices, including:

a) reporting cattle prices across sales channels on the same basis so that indicative prices for each channel are easily comparable

(b) making improvements to the reporting of prices throughout the supply chain, including wholesale, retail and export beef prices.

**Our Position.** A range of industry programs are in place. RMAC supports these being refined and improved and understands significant work has been undertaken with this regard from Meat & Livestock Australia's perspective.

### Recommendation Five

Data collection and reporting should be expanded to cover prices paid for:

(a) direct (paddock) sales

(b) OTH sales, noting that some processors pay prices over and above those quoted on their price grids, and cattle sold to the live export market.

**Our Position.** A range of industry programs are in place to provide improved market reporting. RMAC acknowledges there is always room for improvement and understands significant work has been undertaken with this regard. RMAC will always encourage industry to provide market information where it creates a cost benefit to any segment of the supply chain.

RMAC also acknowledges and supports the impracticalities of a mandatory price reporting structure.

### Recommendation Six

Introduction of objective carcase measurement technology should be prioritised by the industry and adopted by all processors in a consistent manner as soon as possible.

**Our Position.** RMAC through the *Meat Industry Strategic Plan 2020* supports the adoption of objective carcase measurement technology on a commercial basis.

### Recommendation Seven

Data produced from objective carcase measurements should be shared for the benefit of the industry.

**Our Position.** RMAC through the *Meat Industry Strategic Plan 2020* supports the sharing of information throughout the value chain where it returns value and appropriate protections throughout the supply chain.

The Australian red meat & livestock industry as a value chain should determine the process to achieve this and are actively collaborating with this regard.

## Recommendation Eight

The Red Meat Advisory Council should develop a uniform and independent complaints and dispute resolution process.

**Our Position.** RMAC strongly encourages business level dispute resolution processes; and understands that Aus-Meat has a broader dispute process available for over the hooks trading.

Business to business dispute resolution is not within the scope of RMAC at this time.

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## Recommendation Nine

The carcase grading and auditing system should be strengthened by: increased communication and education about the process by AUS-MEAT and processors increasing the number of random AUS-MEAT audits of grading results and standard trim and publication of audit results relating to grading and standard trim.

**Our Position.** Any integration and refinement of auditing processes is welcomed by RMAC; especially where it reduces cost of production pre-or post farm gate.

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## Recommendation Ten

Carcase feedback should be clear and easy to interpret. To achieve this:

All buyers and agents who routinely deliver carcase grading feedback to cattle producers should ensure it is presented in a clear manner.

Buyers and agents, who routinely deliver carcase grading feedback, along with producer representative bodies (led by the Cattle Council) should increase their communication and education activities about interpreting grading feedback.

**Our Position.** RMAC supports the simplification of feedback where feasible and understands there has been significant industry efforts to address this.

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## Recommendation Eleven

A mandatory Buyers Register should be publicly available prior to the commencement of all physical livestock auctions.

**Our Position.** This is not supported by RMAC and our member group of councils as it is unclear what benefits this would provide to all players within the supply chain.

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## Recommendation Twelve

Saleyards, commission buyers, auctioneers and agents should provide MLA with information that enables regular standardised market reports for each reported saleyard.

**Our Position.** Cost benefits are the ultimate determinants of industry funded market reporting. This recommendation should be investigated to see whether there is a cost benefit to expanding the existing scope of work being undertaken by Australian red meat and livestock industry corporations by their levy investors.

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## Recommendation Thirteen

Selling agents should display the terms of auction in a conspicuous position at all saleyards.

**Our Position.** This is already a broad practice; and is supported by RMAC to continue.

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## Recommendation Fourteen

Legislation should be introduced requiring standardised national licensing of livestock agents, professional buyers (applying to commission and salaried buyers) and livestock auctioneer.

**Our Position.** This is a move that would be supported by RMAC and our member representatives. This does however require commitment from the Council of Australian Governments and their relevant jurisdictional portfolios. Previous government led attempts to raise a harmonisation scheme have been unsuccessful.

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## Recommendation Fifteen

The Red Meat Advisory Council should have prime responsibility for overseeing the implementation of the above recommendations, and for monitoring compliance with these. The Red Meat Advisory Council should report progress annually to state, territory and federal Ministers.

**Our Position.** RMAC and our member group of councils recognise it is not the role of an industry body to implement competition policy reform.

In line with our whole-of-value chain industry leadership and coordination role as recognised by the ACCC, RMAC will provide continued support and will engage with stakeholders accordingly to provide increased information and awareness across the supply chain and continue to provide policy leadership to improve competition policy settings for Australian beef businesses.

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## IN PARTNERSHIP WITH OUR BEEF MEMBERS

