



Australian
Competition &
Consumer
Commission

Cattle and beef markets -a market study by the ACCC

Issues Paper

7 April 2016

The ACCC has released this issues paper to assist interested parties in making submissions to the ACCC's cattle and beef market study. The paper contains:

- information about how to make submissions and key dates for the market study
- details about what will be covered in the market study, and
- issues on which we are seeking comment.

Timetable

The dates below are indicative. As the market study progresses, the ACCC will publish further information with confirmed dates on our [website](#).

7 April	Commencement date
6 May	Due date for initial submissions
June	Public consultation forums - exact locations and dates to be confirmed
Late September	Publication of draft findings
October	Consultation period on draft findings
Late November	ACCC to publish final report

Submissions and contacts

Submissions can be made to marketstudy@acc.gov.au

Or contact a team member directly:

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Further contact details are available on the ACCC's [website](#).

The ACCC's role in Agriculture

On 4 July 2015 the Australian Government released a white paper discussing competition and fair trading in the Agricultural sector. One of the outcomes of the white paper was the allocation of additional funds for the Australian Competition and Consumer Commission to boost its engagement with the Agriculture sector. The ACCC has set up a specialist Agriculture Engagement and Enforcement Unit (the 'Agriculture Unit') which will focus on investigating and engaging with the Agricultural sector.

Another outcome of the White Paper is the appointment of an ACCC Commissioner with specific responsibility for agriculture. Mr Mick Keogh has recently been appointed to this position.

The Cattle and Beef Market Study

The ACCC has chosen to conduct a market study of the cattle and beef sector which will be carried out by the Agriculture Unit. This market study is in response to a number of issues raised by stakeholders in this industry in 2015.

The purpose of the ACCC's market study is to:

- examine competition and transparency in the supply chain, and
- consider whether there are impediments to competition and efficiency at various stages of the supply chain in cattle and beef markets.

Focus of the market study

The study will review and consider:

- Markets for the sale and acquisition of cattle, including:
 - the operation of different sales methods, including the allocation of commercial risk between participants
 - the ability of farmers to access certain sales methods
 - transparency of carcase pricing and grading methods
 - geographic or transport limitations on competition
 - the role of livestock and buyers' agents
 - the competitive impact of horizontal concentration and vertical integration of processors
 - certainty of key contract terms for direct cattle sales
 - differences in bargaining strength, and the viability of collective bargaining arrangements.
- The processing sector, including:
 - the factors influencing the strength of competition between processors
 - access to value add products from abattoirs, such as service kills
 - barriers to entry and expansion in processing markets.

- Markets for the sale of processed meat (including by-products), including:
 - information on margins, costs, prices and the profitability of the production, processing and retailing sectors.

Potential outcomes

Information collected during the market study may lead to a range of outcomes, such as:

- improved transparency about competition and trading practices in the supply chain
- assistance for industry participants from the ACCC about rights, obligations, and options to encourage effective competition
- opportunities for the ACCC to make recommendations and / or to work collaboratively with the Government and industry to develop solutions to any competition or other trading problems
- further action undertaken by the ACCC to address any behaviour in the industry that raises concerns under the *Competition and Consumer Act 2010*.

Background

During 2015, both the ACCC and the Australian Senate Standing Committee on Rural and Regional Affairs and Transport considered a number of issues regarding Australia's beef industry.

In early 2015, the ACCC reviewed the proposed acquisition of Australian Consolidated Food Investments Pty Ltd (Primo Smallgoods) by JBS USA Holdings Inc. The ACCC decided not to oppose this acquisition, as it was considered unlikely to substantially lessen competition. The reasons for the ACCC's decision can be found [here](#).

The ACCC also considered allegations that nine meat processors collectively boycotted the prime cattle sale at the Barnawartha saleyard on 17 February 2015. However, the evidence obtained by the ACCC did not demonstrate that the processors had reached an agreement not to attend the sale. More information on this decision can be found [here](#).

On March 18 2015, the Australian Senate also commenced an inquiry into the effect of market consolidation on the red meat processing sector. The inquiry has considered a wide range of issues in the red meat industry and a report is due on 5 May 2016. More information on the Inquiry can be found [here](#).

The combination of issues put to the Senate Inquiry and the ACCC's own work has led the ACCC to undertake this market study. The ACCC considers that a market investigation will help identify any impediments to effective competition, and how they might be addressed.

Process

The ACCC invites the views of interested parties by way of written submissions, telephone conversations, and attendance at public forums. We will also directly engage with some market participants to request specific information from them.

Information collected from submissions and the forums will be analysed and the ACCC will publish draft findings for further comment in September. The ACCC will issue a final report on completion of the study in late November 2016.

Submissions

This Issues Paper seeks submissions on a number of issues. However, interested parties are not expected to provide submissions on matters which are not relevant to them or which they are not in a position to comment on.

Interested parties should provide submissions by 6 May 2016. Responses may be emailed to marketstudy@acc.gov.au with the title: Submission re: cattle and beef market study. If you would like to provide a submission over the phone, please contact:

Sheridan de Kruiff
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Confidentiality of submissions

Treatment of submissions generally

Submissions, the information contained in them and their source, may be referred to, relied upon or reproduced in part in the ACCC's draft and final reports on the market study, which will be public documents. The ACCC will not publish submissions to this study in full on the ACCC's website.

The ACCC is mindful that commercial sensitivities may be present in this industry and recognises that some interested parties may wish to make a confidentiality claim over certain information provided in their submission. Confidential information might include the source of the information (e.g. your identity or the identity of a third party) or the content provided.

The ACCC will not treat a submission as confidential unless a confidentiality claim is made over all or part/s of the submission.

The ACCC will also accept anonymous submissions.

Confidentiality claims

If you have concerns about the disclosure of certain information in your submission, you may make a confidentiality claim over all or part/s of your submission. Any information which you consider confidential should be provided in a separate document to your main submission and should be clearly marked as "confidential" on each page.

The fewer anonymous submissions and confidentiality restrictions placed on submissions to the market study, the more easily the ACCC can test information provided and reach accurate conclusions about the market. Therefore, we ask that information you claim confidentiality over must be genuinely of a confidential nature and not otherwise publicly

available. We request that you provide reasons in support of your claim, to assist the ACCC to better understand your claim and assess the information you provide.

The ACCC is committed to treating confidential information responsibly and in accordance with the law. Where it is provided with confidential information, the ACCC will, to the extent reasonably possible, seek to protect the confidentiality of that information. In some circumstances the ACCC may be legally required to produce confidential information. For example, the ACCC may be required to disclose information that is subject to a confidentiality claim pursuant to a court order or subpoena. If this occurs, the ACCC will endeavour to notify and consult with you about the proposed release of your information and measures (such as confidentiality orders) that may be taken to protect that information. It is also important to note that the ACCC may share confidential information internally with ACCC and AER staff and with its external lawyers and consultants.

For further information on the ACCC's treatment of confidential information, please refer to the ACCC/AER Information Policy available on the ACCC [website](#).

Public forums

The ACCC will hold public forums to hear directly from interested parties. The dates and locations of these forums will be announced on our website in May.

The ACCC intends to hold a forum in each of Queensland, New South Wales and Victoria and will hold additional forums in other locations if necessary.

The Issues Paper

This paper outlines the issues that the ACCC plans to explore during the market study. The selection of these issues is based on both the ACCC's previous interactions with the industry and issues raised during the recent Senate Inquiry. The issues discussed in this paper are a guide to assist people in making submissions and are not intended to be exhaustive.

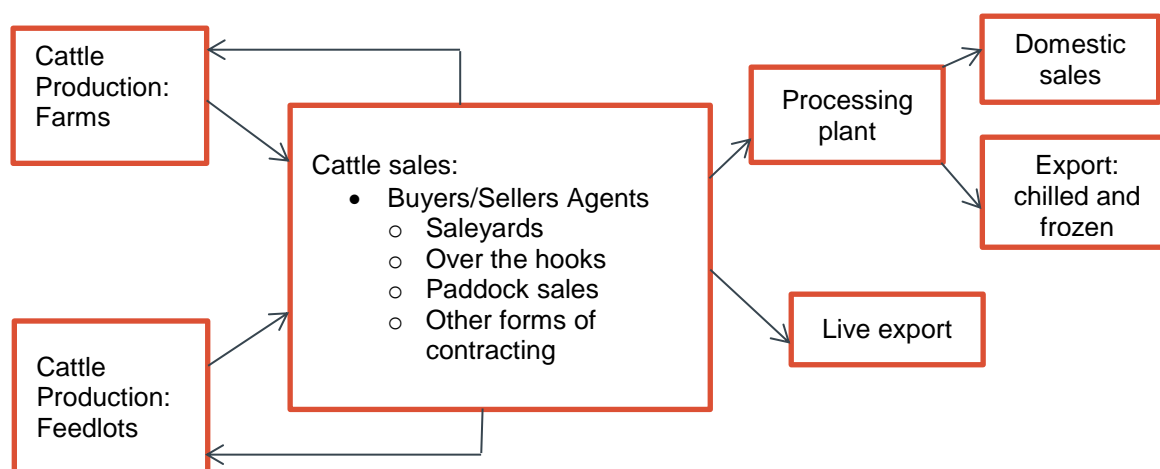
The ACCC encourages interested parties to raise other relevant issues. In particular, the ACCC encourages market participants who are experiencing similar issues in other red meat markets (for example, sheep or goat) to contact the ACCC during this market study.

The Australian cattle industry

Industry structure

Beef production is the most common agricultural activity in Australia¹, with approximately 57 per cent of all Australian farms carrying beef cattle² and a total of 29.1 million cattle and calves.³ Australia is the world's third largest exporter of beef⁴, exporting approximately 74 per cent of its total beef and veal production in 2015. The beef supply chain in Australia is relatively complex and involves a number of participants across a range of functional levels. **Diagram 1** depicts a simplified version of the functional levels of the beef supply chain in Australia. The ACCC notes that some market participants are active across a number of the functional levels shown below.

Diagram 1: The beef supply chain



Industry participants

As shown in Diagram 1 the beef supply chain is made up of producers, processors, exporters, retailers and consumers. Producers sell cattle to processors, feedlotter, retailers and exporters through various methods including saleyards and different contracting techniques.

¹ Australian beef: financial performance of beef cattle producing farms, 2012-13 to 2014-15, ABARES, pg 1

² ABS 2015

³ MLA Beef Fast Facts 2015 – Australia's beef industry

The production sector of the industry remains fragmented, with approximately 67 per cent of cattle farms running less than 400 head of cattle and only a small percentage of farms running herds of 800 or more.

In contrast, since the 1980s, there has been consolidation in the processing sector, reducing the total number of plants and operating companies. Over recent years, some processing businesses have also vertically integrated and expanded into farming, feedlots, and transport. Retailers have increased their vertical presence and are now active in acquiring and processing cattle, as well as retailing the finished product.

Types of cattle and location of production

The ACCC is aware that the production focus of cattle farmers differs depending on location. For instance, farm businesses in the upper Northern Territory and northern Western Australia focus on the live export cattle trade. However, production in the southern states is spread more evenly between beef export and domestic markets.

In northern Australia, Bos Indicus cattle breeds, such as Brahman, are more prevalent due to their tick resistance and ability to cope with higher temperatures and longer periods in transport. Cattle breeds with a high percentage of Bos Indicus are not favoured for domestic consumption or prime cuts, and as a result these cattle are predominantly produced for the export market.

Bos Taurus cattle breeds, such as Angus and Hereford, are bred in southern Australia. Beef from these breeds is recognised as being of better eating quality than Bos Indicus cattle and is sold domestically and as chilled and frozen beef in the export market.

Factors affecting supply and demand of cattle

Live cattle and carcass prices have been a significant focus of the recent Senate Inquiry, with some producers claiming that prices have had a significant negative impact on their profitability in recent years.

The ACCC understands that a number of events have influenced cattle prices in Australia over the past five to ten years. A discussion of these factors is outlined below. One objective of this market study is to determine what other factors have affected supply and demand, and the effect these factors have had on competition and outcomes (such as prices, costs, profitability) in the supply chain.

Demand for Australian beef is largely driven by international trade. In 2015, Australia exported approximately 74 per cent of total beef production. The major export markets for Australian beef are Japan, the United States, the Republic of Korea and increasingly China. Australia is also a major exporter of live cattle; Indonesia and Vietnam are the major destinations.

The significant exposure of the Australian cattle industry to the international market means that demand for beef is sensitive to external factors such as exchange rates, global income growth and preferences, trade regimes and government policies.

Australian demand for beef

Around 30 per cent of Australian beef is consumed domestically. Beef consumption on a per capita basis has declined steadily over the past two decades, largely reflecting changes in consumers' preferences for alternative proteins, particularly chicken.

Retail outlets, including supermarkets and butchers, account for around two thirds of beef destined for domestic consumption, with the remainder delivered to the food service industry. Retailing beef domestically often incurs additional costs post abattoir, including trimming, packaging, marketing and retailing costs.

Climate

Australian cattle producers operate farms in almost all areas of Australia, including far north Queensland, the eastern seaboard, and in Western Australia. Accordingly, producers contend with a wide range of climatic conditions, which can also change considerably from year to year. These climatic conditions can greatly affect the supply of cattle and decisions on the farm about herd sizes.

In early 2013 drought began to affect significant areas of central and northern Queensland.⁵ This drought has continued, and in 2014-15 drought still affected an estimated 30 per cent of the beef cattle farms in Australia (most of these farms are located in Queensland and northern NSW).⁶

The initial drought period in early 2013 led to increased destocking by farmers affected by drought, which in turn resulted in an increased supply of cattle in the market. Farms affected by drought sold 80 per cent more cattle than those farms not affected by drought over the same period.⁷

Saleyard prices from mid-2014

Since mid-2014 Australia cattle prices have risen to record levels, with the Eastern Young Cattle Indicator reaching 600 cents per kilogram for the first time in January 2016. This increase in cattle prices is estimated to have resulted in an increase in farm cash income.⁸

The increase largely reflected a combination of low cattle numbers and strong demand from the United States. As noted above, cattle numbers have been decreasing in Australia since 2012 because of poor seasonal conditions, particularly in Queensland. Meanwhile, import demand from the United States rose as increasing domestic demand coincided with a shortage of domestic production following several years of herd liquidation in that country.

As a result, in 2015, Australian beef exports to the United States were around 416,000 tonnes, compared with around 168,000 tonnes in 2011.⁹

Despite a decline in beef exports to the United States from late 2015, Australian cattle prices have been supported by the prospect of improved seasonal conditions in many cattle producing regions in Australia. This has encouraged farmers in many regions to retain cattle

⁵ <https://www.longpaddock.qld.gov.au/queenslanddroughtmonitor/queenslanddroughtreport/index.php?year=2013>

⁶ Australian beef: financial performance of beef cattle producing farms, 2012-13 to 2014-15, ABARES, pg vii

⁷ Australian beef: financial performance of beef cattle producing farms, 2012-13 to 2014-15, ABARES, pg 13

⁸ Australian beef: financial performance of beef cattle producing farms, 2012-13 to 2014-15, ABARES, pg viii

⁹ MLA Cattle Industry Projections 2016, pg 10

for herd rebuilding, particularly in previously drought affected areas, which has in turn reduced the supply of slaughter cattle on the market.

Issue 1 – Markets for the sale and purchase of cattle

We encourage interested parties to provide specific information, including any recent developments, data and documents, in response to the questions outlined below.

Sales channels

Australian producers primarily sell cattle in saleyards, in the paddock or over the hooks¹⁰. Although the reliance on each sale method has fluctuated over time and on a state by state basis the ACCC understands that saleyards still play a significant role.

Research conducted by ABARES suggests that different sales methods are more likely to be used by certain types of farmers. Saleyards are most likely to be used by producers who have smaller herds and who sell in small lot sizes. Producers who use saleyards may do so due to limited production and small lot sizes, which processors will not directly contract for.

In contrast, producers with large herds are more likely to sell over the hooks or in the paddock, as opposed to using saleyards. This same research also indicated that the use of different sales channels may have an effect on returns to farmers.¹¹

Sales channels - the ACCC would appreciate submissions on:

1. The operation of sales methods available to farmers, including:
 - (a) the different types of methods available to farmers e.g. saleyards, direct consignment, online sales
 - (b) the costs involved with selling cattle through each sales method (for example, saleyard fees, agents' fees and commissions, transport)
 - (c) whether there are any impediments to farmers accessing particular sales methods
 - (d) the advantages and disadvantages of each sales method
 - (e) what types of cattle (fat cattle, feeder cattle, live export) are sold through each sales method, and
 - (f) the total proportion of cattle sold through each sales method within different production regions.
2. The extent to which different types and breeds of cattle are seen as substitutable by processors, live exporters and consumers.
3. The horizontal and vertical integration of processors and whether this has had an effect on competition and efficiency in the market for the acquisition of cattle.
4. Legal title for the ownership of cattle and when this title changes throughout the various sales processes.
5. Differences in bargaining strength between buyers and sellers and the effect of this on bargaining outcomes.

¹⁰ Australian beef: financial performance of beef cattle producing farms, 2012-13 to 2014-15, ABARES, pg 10

¹¹ Australian beef: financial performance of beef cattle producing farms, 2012-13 to 2014-15, ABARES, pg vii

6. Whether there are opportunities for farmers with weak bargaining power to use co-operatives or collective bargaining arrangements, similar to those used in other agricultural industries, in order to improve bargaining outcomes or access to certain sales channels.
7. Whether there are particular geographic locations where farmers have limited sales options and what this has impact on prices compared to other areas where farmers have more options (please provide supporting data if available).
8. The role and commercial significance of livestock agents for the trading of cattle, for producers and buyers.
9. How livestock agents are paid for their role as intermediaries between buyers and sellers of cattle (e.g. commissions, fixed fees, et cetera.).

Saleyards

Saleyards are located throughout Australia and play an important role in facilitating the sale and purchase of different livestock. Livestock are transported to the saleyards, typically at the expense of the seller, and then sold on the day to the highest bidder.

The ACCC is aware of concerns about the independence of buyers at saleyards, particularly in instances where saleyard attendees are bidding on behalf of multiple buyers.

The ACCC would like to understand more about saleyards and the conduct of buyers in order to assess the competitiveness and efficiency in the supply chain.

Saleyards - the ACCC would appreciate submissions on:

10. How buyers at saleyards determine their bid offers.
11. How buyers' agents affect the competitive operation of saleyards.
12. Potential collusive behaviour at saleyards, noting that the ACCC has recently investigated an allegation of collusion amongst buyers at the Barnawartha saleyard.
13. The consolidation of ownership of saleyards, and whether this has had an effect on the number and location of saleyards, and fees or services provided by the saleyards.

Contract-based ('direct') sales

Cattle can also be sold via bilateral agreements between producers and buyers. The most common types of sales are 'over the hooks' and 'paddock sales', described in more detail below. Although they are sometimes referred to as 'direct' sales, often they are conducted by an intermediary such as a stock agent.

Many different parties acquire cattle via contract-based sales, including the major supermarket chains, processors and exporters. The terms on which these contracts are entered into vary considerably depending on the contracting parties and can either exclude or include specific details about price, delivery time and transport.

The ACCC plans to use this market study to better understand the use and impact of contract sales in the markets, including differences in bargaining power between buyers and sellers in different situations and the effect of this on terms of sale.

Over the hooks

Over the hooks sales are organised with an abattoir, either directly by the farmer or through a livestock agent. Livestock are then delivered to the abattoir and transfer of ownership takes place at the abattoir scales.¹²

Prices for cattle that are sold over the hooks are often determined through a grading process which occurs at the abattoir. After slaughter, cattle carcasses are graded by processors and a quality grade is assigned.¹³

The price offered by each abattoir for certain quality carcasses is provided to the producers in the form of a price grid. These price grids outline the various quality factors that the carcass must obtain in order to achieve a certain price range.

The meat graders who undertake this process are currently employed by the meat processors, rather than an independent source, but are overseen and audited by AUS-MEAT.¹⁴

Paddock sales

Livestock are inspected on the farm by either an agent or the final purchaser and sold directly from the paddock. Price is determined either on a per head basis or by weight. If price is to be determined by weight, then the cattle can be weighed either on the property or at a saleyard.

Forward contracts

A forward contract is an agreement between a producer and a buyer for the producer to supply a certain product a given time for a given price. Forward contracts can provide certainty to both parties about the price to be received, time of delivery and the quality of the product.

Contract based sales - the ACCC would appreciate submissions on:

14. The major buyers in this sales channel, including volumes purchased and any recent entry or expansion.
15. The negotiation and sale process, including an outline of the timeline, stages, the role of agents and the methods by which prices are determined.
16. The effect of bargaining power of the buyer and seller on the negotiation and sale process, and the outcomes that are achieved, including price.
17. The certainty of contracts, particularly whether key terms such as delivery times, price and size can be relied on.

¹² <http://www.mla.com.au/Research-and-development/Preparing-for-market/Selling-options>

¹³ <http://www.mla.com.au/Marketing-beef-and-lamb/Meat-Standards-Australia/MSA-beef/Grading>

¹⁴ An industry owned company operating as a joint venture between Meat and Livestock Australia and the Australian Meat Processors Corporation

Pricing grids and grading - the ACCC would appreciate submissions on:

18. The grid pricing system, including when grid prices are provided to farmers, whether price grids and quality factors vary between producers, and whether there are avenues for farmers to dispute grading.
19. The transparency of the pricing levels and structures implemented by abattoirs, including details of revenue received for by-products such as offal, trim and calf foetal blood and whether the value of these products is passed back to producers.
20. The transparency, independence and accuracy of grading techniques used by processors and how this affects returns to producers.

Transport and access to sales channels

The ACCC understands that location can also play a significant role in the ability of a farmer to gain access to particular sales channels.

Broadly, cattle movements between western Australia and eastern Australia are very limited. Within the east coast region itself, cattle movement between the northern areas and the southern areas occurs largely in response to seasonal variances in supply of cattle (due to rainfall and weather patterns) and represents only a small proportion of total cattle sales.

Submissions to previous ACCC reviews and the recent Senate Inquiry have highlighted the prohibitive cost of transport in both dollar terms and the impact on animal health. These transport restrictions can have a significant impact on competition and efficiency in localised markets and the interactions between buyers and sellers of cattle in those markets.

The ACCC has found in previous investigations that these costs restrict the movement of cattle between different geographic areas of Australia and thus limit the scope for competition between regions. Information suggests that buyers normally acquire the majority of cattle within a confined radius around an abattoir. While there are circumstances in which cattle travel significant distances, our current understanding is that this represents a limited proportion of domestic cattle sales.

It has been claimed that the outcome is distinct localised areas of competition based on the location of particular abattoirs, which can have a significant impact on pricing for farmers. However, another view is that competition for the acquisition of cattle takes place on a broader geographic basis and is not so localised.

The ACCC is interested in exploring this further, especially whether market, welfare, or infrastructure developments have increased cattle movements.

Transport – the ACCC would appreciate submissions on:

21. The effect of a seller's geographic location on access to particular sales channels and the effect of this on localised competition and competition and efficiency more broadly. For instance how far can cattle travel efficiently (this may vary across regions) and how does this affect producers' and buyers' options for trading cattle?

Issue 2 – Processing sector

There has been consolidation in the processing sector since the 1980s, reducing the total number of plants and operating companies. The ACCC understands that in eastern Australia, there are three major processors and a number of smaller processors. Other states and territories have different market structures, which we will explore.

Previous ACCC merger reviews in this sector have focused on the impact on competition arising from specific acquisitions (as required by section 50 of the Act). The ACCC examines the competitive effect of a particular acquisition at a given time. This usually leads to a relatively confined and localised competition assessment, depending on the identity and location of the businesses involved in the merger.

The ACCC will use this market study to better understand the competitive dynamics in processing on a broader basis.

Closeness of processing competition – the ACCC would appreciate submissions on:

22. The strength of competition between processors for the acquisition of cattle and the wholesale supply of processed meat
23. The key elements which make some processors closer competitors than others, such as similarities in:
 - (a) processing capacity, including any capacity constraints (whether within or across geographic regions)
 - (b) products – the extent to which there is differentiation in the products and services provided by processors
 - (c) the costs of production
 - (d) the geographic proximity of abattoirs to producers and downstream customers.
24. Whether there is any difference in level of competition between processors who have operations in multiple locations and geographic regions, versus those who do not.

Availability of services – the ACCC would appreciate submissions on:

The ACCC is aware that some producers consider that consolidation has resulted in a reduction in additional services provided by abattoirs.

25. How has the reduction in the number of abattoirs affected producers' and third parties' access to value add products from abattoirs, such as service kills?

The ACCC understands that the barriers to entry and expansion to the processing sector (i.e. opening a new abattoir or expanding operations) vary according to abattoir size. Some regard barriers to be high in light of the costs and time involved, regulatory requirements, and access to skilled workers.

The ACCC would like to explore barriers to entry and expansion in this market study, as they directly relate to the competitiveness of the processing sector (and therefore the availability of sales channels for producers).

Barriers to entry – the ACCC would appreciate submissions on:

26. The cost of setting up a new processing plant or retrofitting an existing mothballed plant. This includes information on the scale and market conditions required for sustainable entry and the lead time for a processing plant to be operational.
27. The ongoing costs incurred in operating a processing plant and a detailed explanation of the margins required to operate efficiently. How do these compare to similar economies overseas?
28. Any regulatory requirements and standards that must be met and the difficulty or ease of obtaining these requirements.
29. The history of regulatory requirements and the role that incumbent organisations or representative groups have had in developing these requirements.
30. Any difficulties encountered in acquiring or training appropriately qualified staff to operate the abattoir.

Issue 3 – Markets for the sale of processed beef (export and domestic)

In 2007 the ACCC released a report which examined the prices paid to producers for livestock, the prices paid by consumers in Australia for beef and the relationships between the two. The ACCC concluded that prices paid to producers for cattle were determined by a number of supply and demand factors and that export demand played a key role in this.

The ACCC found that sales to international markets account for a large share of total meat production and even the largest retailers in Australia buy only a small amount of total production. Under these conditions it was found that it would be unlikely that any one party (either domestic retailer or processor/exporter) could suppress prices or be able to impose onerous terms or conditions on producers.

The ACCC notes that there has been considerable concern raised in both the recent Senate Inquiry and during recent ACCC investigations about the relationship between retail beef prices in Australia, live weight and carcass prices in Australia and live weight and carcass prices overseas. In particular, submissions during the inquiry pointed to the difference in live weight prices received for cattle in the United States compared to live weight prices received by farmers in Australia.

The ACCC therefore considers it is important to understand more about the interaction between export and domestic cattle prices, beef prices and the influence that retailers and processors have on these.

The ACCC would like to examine margins in the supply chain in Australia and compare these to margins in other countries, in particular the United States. If there are any differences between these margins, then the ACCC will endeavour to use the market study to determine why there are differences and how the supply chain in Australia might improve its position.

Markets for the sale of processed beef – the ACCC would appreciate submissions on:

31. Margins, costs, prices and profitability within the industry and how this has changed over time. This includes information on margins, costs, prices and the profitability of the production, processing and retailing sectors. Does this differ when compared to other countries? Please provide any available data.

32. The relationship between the price farmers receive for cattle in Australia and the prices farmers receive in other countries. If there are differences, what are the reasons for this and have these relationships changed over time?
33. The profitability of beef farms in Australia and how this varies across time and across regions.
34. How export prices and domestic retail prices affect the price received by producers for cattle.