

Cattle industry concerns

Submission to the Agriculture Competitive White Paper

By Ray Whiteman 3/3/2014

My wife and I have a small grazing property on the outskirts of Braidwood town in NSW. We have been and are still involved with cattle, back grounding and rearing poddy calves for sale.

In my opinion over the last 11 years a lot has changed in the beef industry, from advances in Genetics, NLIS, Tenderness and colour, PH testing, Animal Welfare, Sustainability, Pasture and water management etc, etc.

All this adds to the cost of production to become (hopefully) more efficient and more sustainable in the future.

At this stage I would like to point out that the format as to the sale of cattle has not changed for the last 100 yrs, cattle are either sold to processors direct or sold via the auction system and I feel both systems have to change for the livestock producers to survive.

Both of these systems are price controlled by processors and retailers, without any concern for the producer. In tough times with little competition predatory pricing comes into play as we are seeing now with the drought, as prices are 30-50 cents per kg Lwt, (live weight) lower than they were 10 yrs ago when we started, which is NOT sustainable.

I am proposing that a minimum starting price set for the auction of cattle, which will then flow onto sales direct to processors.

EG:

*** Milk tooth to have a starting price of \$2.00 per KG L/wt (live weight)**

*** Milk & 2 teeth have a starting price of \$1.80 per KG/lw**

*** Milk & 4 teeth have a starting price of \$1.60 per KG/lw
and so on.**

It has been argued about the AUD, but it gets back to restocker confidence and competition,

Approx 2 ½ years ago prices were where they should be, that is eg; a **300kg steer** was selling for approx. **\$2.40 per kg l/w (\$720.00)** when the **AUD was upto \$1.10 US**, now the same animal is selling for **\$1.45 - \$1.70 per kg l/w.(\$435.00 - \$510.00)** when now the **AUD is around \$0.88 - \$0.91** would you agree that there is some price gouging? **This is a reduction of at least \$200.00 per head which should be your profit.**

Input costs have risen by approx. 30% over the last 10 years while returns on cattle have dropped 30%, there is NO return on capital investment.

Something urgently needs to be done at the producer level, and I feel this is the only way to bring balance back into the system, and to control the predatory pricing which is happening now.

This system would not be a government tariff, as the auctioneers would be instructed to start the bidding at the appropriate price.

As a business you can have all the knowledge but you still need the right financial return on your product and capital outlay to remain viable.

Gov. funding for the farm sector is being chewed up by the industry associations thinking that they are helping by R&D with processors and sustainability programs which can be costly to implement, BUT ALL the cattle industry associations don't get that producers need an income and some form of a base rate price for their product and for the producer to survive.

Overview

- * Control price GOUGING and PREDATORY pricing.
- * More CONSISTENCY in able to have an income
- * More HOPE for the future
- * Able to plan better for the FUTURE.
- * LESS people LEAVING the land.
- * Able to produce more food

Overseas aid and the world food situation

I would like to put forward a further measure that may help all producers in general.

Billions of dollars have been given to poorer counties over some years now but we still hear of starvation in various parts of the world while we sit at home and watch farmers plough tons of potatoes, citrus trees and other produce in to the ground, because of the poor market prices being paid.

This produce could be bought from the producer at a sustainable price to the farmer by the Aust Gov then processed and shipped over to where people are still starving thus could cut monetary aid to corrupt governments.

This would help our farmers out as well as some food processing plants and actually feed some of the starving in the world and enable the Aust Gov. to reduce cash aid to countries where the starving do not see any of it.

I would also like to see a department setup as to the Aust. Gov. to put a side \$1 billion per annum to continue this form of foreign aid into the future, I feel this could be a win win situation for all concerned

Overview

- * Save the country \$1 billion.
- * Actually help the starving.
- * Assist farmers and processors in good and bad times
- * Less farmers relying on handouts to survive or leaving the land.
- * Stops the unnecessary waste of produce.

Thankyou for the chance to discuss, and forward my submission.

Ray Whiteman

