



ALPA UPDATE

**January 2018 Request for update:
Cattle and beef market study final report
March 2017.**

16/02/18

Email: marketstudy@accc.gov.au



www.alpa.net.au

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ALPA membership is a signature of professionalism in the industry

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ALPA is a proud member of



Australian Livestock & Property Agents Association (ALPA)

ALPA is the national peak industry body for livestock and property agents.

ALPA represents more than 1,200 agency businesses across Australia. Collectively this group plays an important role in livestock, wool, merchandise and rural property sales and marketing.

ALPA members handle in excess of 97% of rural agency business Australia wide.

ALPA is one of the largest national organisations of small rural business men and women, relied on to protect the interests of agents and producers nationally.

ALPA membership includes Elders, Landmark, Ruralco and private livestock agencies across Australia.

ALPA appreciates the opportunity to provide this update to the ACCC.

This **ALPA** submission consists of:

1. General Introduction
2. ALPA Update on the final report's 15 recommendations
3. ALPA General Comments to the ACCC
4. ALPA Questions and Update request from the ACCC
5. ALPA APPENDIX A November 2016 – Points of clarification.

1. General Introduction

Cattle and beef markets – a market study by the ACCC final report

The ACCC invited the views of interested parties by way of written submissions, telephone conversations, and attendance at public forums.

The ACCC's market study provided an opportunity for meaningful improvements to be made to the cattle and beef supply chain. The following recommendations were made with the aim of bringing about those improvements. Certain recommendations were aimed at improving the work of specific organisations, while others were more general and will require industry leadership and collaboration by multiple stakeholders in order to be implemented. The ACCC noted that many of the recommendations are likely to be relevant to other red meat industries and encourages those industries to consider whether the recommendations should be implemented more broadly.

The Cattle and Beef Market Study

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

The purpose of the ACCC's market study was 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.

ALPA forwarded a submission for the market study and participated in a number of interviews

The Cattle and Beef Market Study – update report 2018

The final report was released in March 2017 and a request has been made on the 25th January 2018 for an update from ALPA to the 15 Recommendations.

In Attachment A of the letter to ALPA from Gabrielle Ford of 25 January 2018, recommendation 3 of the final report *"All buyers should simplify their price grids, where possible, to ensure they are easy to interpret and compare"* has been incorporated with recommendation 2.

Therefore from recommendation 3 onwards, the recommendations do not match up with the final report and only list 14 recommendations. The ALPA response is in line with the final report recommendation list, not Attachment A.

2. ALPA update on the final report's 15 recommendations

Recommendation 1: All processors and other major purchasers of prime cattle should make their price grids publicly available in a timely manner.

UPDATE;

ALPA is not in a position to act on this recommendation as we are not the ones who own the information. ALPA members will and do help their clients with OTH trading, which includes sourcing price grids, when engaged to do so by the producer. That is part of our role as agent.

Recommendation 2. 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.

UPDATE;

ALPA members continue to enhance industry understanding of price grids and their interpretation when engaged to do so by producers. That is part of our role as agent. Further to the webinar that was hosted by Beef Central and Future Beef, ALPA would be interested in the participation rate. Information is available, but the producer also has a responsibility to become informed.

Recommendation 3. All buyers should simplify their price grids, where possible, to ensure they are easy to interpret and compare.

UPDATE;

ALPA members do not set price grids. ALPA members will and do help their clients with OTH trading when engaged to do so. This may include sourcing the price grids and comparing the assessment of the cattle against the grid specifications to ensure the most favourable outcome for the client. That is part of our role as agent.

Recommendation 4. 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.

UPDATE;

MLA market reporting is improving in line with improvements in technology. ALPA believes cattle prices are standardised and easily comparable. ALPA believes MLA's reporting is excellent, but MLA can only report on what information is given to them and some information from processors is sensitive and confidential.

MLA market reports on their website are very comprehensive and updated daily.

www.mla.com.au/prices-markets/Market-reports-prices/cattle-reports/national/

Similar comprehensive information is also readily available via the free MLA app. Through the new myMLA website, producers can gain customised market information and analysis and compare the type of cattle they have against other saleyards.

Recommendation 5. 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

c. cattle sold to the live export market.

UPDATE;

ALPA would like it clearly noted that it is not a participant in the data collection and reporting of prices. ALPA is an Association and does not collect any sales data or information. Our members' information about their sale transactions is never supplied to ALPA. ALPA respects the privacy of our members and their business transactions with clients and buyers.

There are sales categories described above that are not conducted through agents. For such sales, who do the ACCC think would report these and to whom?

Recommendation 6. The 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.

UPDATE;

ALPA believes that MLA are working on getting this with technology such as DEXA.

Recommendation 7. Data produced from objective carcase measurements should be shared for the benefit of the industry.

UPDATE;

ALPA is not in a position to act on this recommendation as we don't have access to any of this data.

Recommendation 8. The Red Meat Advisory Council should develop a uniform and independent complaints and dispute resolution process.

UPDATE;

ALPA is not in a position to act on this recommendation, it is up to RMAC and AUS-MEAT to comment.

Recommendation 9. The carcase grading and auditing system should be strengthened by:

a. increased communication and education about the process by AUS-MEAT and processors

b. increasing the number of random AUS-MEAT audits of grading results and standard trim

c. publication of audit results relating to grading and standard trim.

UPDATE;

ALPA is not in a position to act on this recommendation, it is up to AUS-MEAT to comment.

Recommendation 10. Carcase feedback should be clear and easy to interpret.

To achieve this:

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

b. 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.

UPDATE;

ALPA would like it clarified that ALPA members can only pass on feedback to their clients that is supplied to them by the buyer/processor. ALPA members have no influence in the presentation of the feedback that is provided.

ALPA members continue to enhance their client's understanding of carcase grading feedback when engaged to do so by producers. This is one-on-one communication and education with the client that is part of our role as agent.

Producers who do not engage the services of an agent have a responsibility to seek out information and educate themselves.

Recommendation 11. A mandatory Buyers Register should be publicly available prior to the commencement of all physical livestock auctions.

UPDATE;

ALPA does not agree with this recommendation and cannot implement it as it contravenes the laws of auctions in some states. ALPA is an association body and not a regulatory body. ALPA does not dictate to members on how to conduct their business and respects the privacy of our members possible intending buyers.

The ALPA Livestock Auction Terms and Conditions of Sale requires the notification of a buyer at the fall of the hammer. As per Clause 11:

The successful bidder at a livestock auction sale must give to the auctioneer at the fall of the hammer;

- (a) the purchaser's name; or*
- (b) the bid card number which identifies the purchaser; or*
- (c) the name of the person on whose behalf the successful bid was made; and*
- (d) the Property Identification Code (known as the "PIC") of destination.*

Recommendation 12. Saleyards, commission buyers, auctioneers and agents should provide MLA with information that enables regular standardised market reports for each reported saleyard.

UPDATE;

ALPA members pass on to MLA livestock market officers (LMO) any information requested of them from those LMOs. MLA's Market Information Service provides the red meat industry with timely, accurate and independent market information. The service consists of eight analysts and 27 LMOs who attend and report up to 70 saleyard markets per week. The identity of the buyer is announced at the fall of the hammer on each lot. If MLA want to collect this information it is publicly available.

Recommendation 13. Selling agents should display the terms of auction in a conspicuous position at all saleyards.

UPDATE;

ALPA has national terms and conditions, the ALPA Livestock Auction Terms and Conditions of Sale and it is law in some states that the T&Cs are publicly displayed. ALPA strongly recommends to all members that these T&Cs be prominently displayed at all sale venues. The current version is February 2017.

Recommendation 14. Legislation should be introduced requiring standardised national licensing of livestock agents, professional buyers (applying to commission and salaried buyers) and livestock auctioneers.

UPDATE;

ALPA has a position that all agents should be licensed. ALPA, through COAG was on the National Occupational Licensing Authority (NOLA) to get harmonised licensing for a number of occupations. The states could not agree and NOLA was disbanded.

Recommendation 15. 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.

UPDATE:

ALPA will leave this for RMAC to comment on, however we do not believe it should be the responsibility of RMAC overseeing the implementation of these recommendations and monitoring compliance. We do not see this as their role.

It has been suggested that RMAC regularly holds discussions with a wide range of industry participants. ALPA would like it noted that these discussions do not infer the ability to implement the recommendations. ALPA is not accountable to RMAC.

3. ALPA General Comments to the ACCC

ALPA is strongly of the view that if explored, a number of issues in these recommendations are already being done. We strongly urge the ACCC to investigate the MLA website, in particular the market reports. The ACCC and others may be surprised.

www.mla.com.au/prices-markets/Market-reports-prices/cattle-reports/national/

MLA market reports are easy to follow and comprehensive and we feel some producers are not taking up this valuable too but are being critical of the information they are supposedly not getting.

There are some people who also believe that their cattle are worth more than they achieve at auction. There are also those who do not use any due diligence in buying or selling.

Agents and buyers

ALPA would like to provide clarification again regarding the use of the terms agents and buyers. The terms agents and buyers and subsequently their respective roles, duties and responsibilities are mutually exclusive. They are not one and the same. In the final report it refers to commission buyers, salaried buyers, agent buyers, buying agents, which clearly highlights the confusion that abounds.

ALPA represents the interests of livestock and property agents. Livestock agents act in the interests of their vendor clients by marketing and selling their livestock to maximise the returns for their vendor clients. The agent has a fiduciary duty to their vendor clients. At times they will buy livestock for their clients for no fee or reward.

On the other side of the ledger there are buyers. Buyers can be commission buyers, salaried buyers and independent buyers, that is, any other individual who wants to buy livestock.

ALPA is of the opinion if producers do not engage and seek the advice of an agent, responsibility falls upon them to understand market price signals, interpret and understand the suitability of the price grids for their livestock and also the carcass grading feedback.

ALPA believe a lot of these recommendations, the way they read, have come from complaints by people who are ignorant to OTH selling, price grids and marketing livestock in general.

Saleyard auctions

ALPA do not understand why the cattle auction system has been singled out and brought into the limelight when there are auctions all around the country for sheep and lambs, goats, pigs, horses, other species, on farm auctions, stud stock, wool, fine art, car, real estate and clearing sales to name a few types of auctions.

The auction system is one of the most transparent pricing mechanisms available. One of the benefits of the saleyards' auction system is that buyers and vendors can see the livestock that are being sold, can compare livestock and pay accordingly.

The auction system provides a critical price discovery mechanism for livestock marketing throughout Australia that no other sales process can provide.

Auctions facilitate true price discovery.

ALPA would like to demonstrate the size of the saleyard auction industry just for sheep and cattle. It does not include on farm auction sales, nor does it include horses, pigs, goats and other animals at auction.

Saleyards sell approximately 3.5 million cattle – at an average of \$1,200 per head and 20 million sheep and lambs – at an average of \$100 per head.

This equates in saleyard transactions of over \$6 billion.

The number of lots sold per annum is at least two million.

The ACCC, from a six month study found a possible three cases of collusion out of approximately two million sales in one year. This is not even worth reporting as a percentage. To this day we have heard of no fines or convictions for collusion.

4. ALPA Questions and update request from the ACCC

ALPA provided a detailed list of points of clarification in the submission to the interim report in November 2016. These points are available in this report as **Appendix A**.

ALPA is of the opinion that many of these comments have not been addressed in the final report and requests that ACCC review these comments.

Without revisiting the points from the previous report, ALPA has concerns with the following statements from the final report and requests an update from the ACCC.

Page	Details	Comments
4	<i>reported prices for OTH transactions only reflect the prices offered to producers, rather than the prices actually paid</i>	This goes to the lack of understanding many producers have as to how grid pricing works and also a lack of understanding as to how to assess the cattle against the grid provided to determine what they will be paid.
5	<i>when agents represent both a cattle seller and a cattle buyer in the same transaction.</i>	ALPA has explained previously to the ACCC that the process of an agent representing both the seller and buyer is considered good agency practice. In most instances this will not be an agent acting as an individual agent, but an agency business.
5	<i>ACCC is also concerned about suggestions of anti-competitive conduct that emerged during the market study. The ACCC takes allegations of this nature very seriously and will closely examine whether there are any breaches of the law.</i>	ALPA is concerned with the continual reference to these allegations, but none of the allegations have been substantiated. By bringing this up continuously is detrimental and forges doubt. Has the ACCC got anything further to update ALPA on this comment?
5	<i>Buyers, agents and representative organisations all have a role to play in ensuring that producers have clear signals that allow them to better match production to market demands</i>	This report fails to acknowledge that the producer also has a responsibility in this process, in that they have an obligation to become better informed.
7	<i>export markets, exchange rates and international competitors have a significant effect on prices paid for the majority of Australian cattle and hence producer returns. Domestic conditions such as drought also impact the prices paid to producers significantly.</i>	Regardless of the pricing signals or historical data that is available to assist in making a marketing decision, macro elements are always going to play a significant part in pricing and this needs to be acknowledged further. This is the only point in the report where outside influences are referenced.

Page	Details	Comments
8	<i>Time series of saleyard data is only available upon request. Saleyard price data is reported weekly in .pdf files, making comparisons across time difficult.</i>	This statement is incorrect. The data is freely available to everyone on the MLA website or via the MLA app.
9	<i>Some producers have difficulty accessing price grids</i>	Access to grids / specifications can be dependent on the suitability of cattle that are offered or past performance data. Agency involvement can assist in removing these barriers.
10	<i>The ACCC has heard several allegations of anti-competitive conduct which we will examine outside of this study.</i>	ALPA is concerned that the continual reference to these allegations without providing any evidence is creating reputational risk to the industry. Has the ACCC got anything further to update ALPA on this comment?
15	<i>Investigations of alleged anti-competitive conduct allegations.</i>	Comments as above. ALPA would like to know if the ACCC can inform us of how many fines or convictions have been made in relation to the investigation of allegations in this final report?
44	<i>Cattle buyers told the ACCC they prefer to source cattle from places relatively close to abattoirs to reduce transport costs</i>	This statement is correct for when the processor pays for transport, however for the majority this cost burden falls to the producer.
45	<i>We did not receive any data to suggest that a significant proportion of prime cattle are transported over 1000 km before reaching the abattoir.</i>	ALPA questions the validity of this statement. Throughout the dry season, 1000s of cattle are trucked out of northern Queensland from the pastoral companies to processors in SE Qld.
63	<i>producers can access services of accredited assessors and livestock agents to provide advice on the selling option for cattle that maximises return. Although costs will be associated with these services, producers may yield higher returns by having a better understanding of potential outcomes.</i>	ALPA fully endorses the statement. As expressed earlier, ALPA is of the opinion if producers do not engage and seek the advice of an agent, responsibility falls upon them to understand market price signals, interpret and understand the suitability of the price grids for their livestock and also the carcase grading feedback.
70	<i>Major beef processors and supermarkets in Australia submitted</i>	ALPA questioned the validity of this statistic previously. If this statistic is

Page	Details	Comments
	<i>that approximately 90 per cent of the cattle they purchase are acquired directly from producers</i>	purportedly correct, then consideration needs to be given to the rational for this investigation into saleyards for only 10% of slaughter ready cattle.
78	<i>a lack of transparency in saleyard auctions, particularly in relation to information about the buying-side of auctions</i>	ALPA would like to know if the ACCC can inform us of how many fines or convictions have been made in relation to the investigation of allegations in this final report?
78	<i>allegations of agreements between buyers to rig the outcomes of saleyard auctions</i>	ALPA would like to know if the ACCC can inform us of how many fines or convictions have been made in relation to the investigation of allegations in this final report?
86	<i>The ACCC is presently assessing an allegation that two livestock agency businesses are engaging in anti-competitive conduct by excluding an independent stock agent and auctioneer from conducting auctions at a particular saleyard.</i>	Has the ACCC got anything further to update ALPA on this comment?
87	<i>Saleyard prices are published in a variety of forms, including local newspapers, NLRs reporting on the MLA website, and a variety of other market reporting or subscription services. They also form the basis of various indicators, most notably the EYCI.</i>	Confirms the incorrect statement that was referenced previously from page 8.
89	<i>saleyards should clearly state and enforce their weighing and curfew protocols, so that market participants can select where they prefer to transact.</i>	This information is already available and is enforced.
90	<i>sellers could use this information to adapt their selling practices if they wished, such as by selling cattle at different saleyards, or selling online or OTH.</i>	It has already been established that sellers are not using pricing signals, historical data etc in their marketing decisions, so why would this be any different?
90	<i>The ACCC's consultation demonstrates that some producers experience lack of trust that livestock agents and professional buyers will act legally and ethically.</i>	ALPA is deeply offended that this statement remains. ALPA took umbrage of this statement in the interim report as it offensive to the broader agency network and is

Page	Details	Comments
		based on inadequate and poorly formed information from a limited number of sources.
90	<i>The notice of the terms and conditions should be bought [sic] to the attention of all participants by the auctioneer prior to commencement, including a statement regarding minimum acceptable bid increments.</i>	ALPA already advises members to announce the terms and conditions prior to sale. The statement regarding minimum acceptable bid increments is not actively practised. This recommendation will be considered. ALPA agrees this would provide greater clarity in the auction process.

ALPA welcomes the opportunity to discuss and expand on this update and comments further as well as consideration of other species in the auction system. **[END]**

APPENDIX A – ALPA submission to the interim report November 2016

Points of clarification

ALPA raise concerns with the validity of information and premise which is supplied under the following page numbers and sections. The foundation of the interim report's fourteen recommendations is based on the expanded understanding within this document. It seems much of the information used to arrive at these conclusions is assumptive, uninformed and gleaned from insufficient sources without suitable counterpoint or investigation which will seriously diminish the ability of the ACCC to form well founded, commercially sensible recommendations for the Cattle and Beef industry.

ALPA believe a lot of these recommendations, the way they read have come from complaints by people who are ignorant to OTH selling, price grids and marketing livestock in general. There are some people who also believe that their cattle are worth more than they achieve at auction. There are also those who do not use any due diligence in buying or selling.

Page	Details	Comments
2	<i>Paddock sales: Cattle are inspected on the vendor's property by the buyer and are sold straight out of the paddock. Price is generally negotiated on a dollars per head (\$/hd) or cents per kilogram liveweight (c/kg) basis.</i>	This definition is incorrect and misleading. Paddock sales (and OTH) are often negotiated on behalf of the producer by their agent and often to a price advantage to the producer.
	<i>Saleyard: A physical auction market where buyers and sellers trade livestock. There are separate sales for store and prime cattle.</i>	Not all physical auction markets are separated for store and prime cattle.
	<i>Store cattle: Cattle suitable for breeding or finishing, but bot [sic] for slaughtering.</i>	This definition is incorrect and misleading. Store cattle is an industry term, but does not exclude these cattle from slaughter – especially cows.
3	<i>The high cattle turn-off is also said to have resulted in abattoirs operating at or near full capacity and producers reported delays consigning cattle for slaughter. Some producers reported especially difficult trading conditions and relationships with processors during this time and alleged behaviours by processors ranging from apathy toward negotiating with producers, to frequent and arbitrary discounting of carcase prices.</i>	These were extenuating circumstances with unprecedented drought conditions on the back of the Indonesian live export trade suspension. Record slaughter numbers saw processor capacity absorbed. Pricing is based on supply and the ability to process in a timely manner. It is the basics of supply/demand in operation. Downward pressure is placed on price to slow supply. Conversely in favourable seasons, prices are elevated to draw numbers into the system.

Page	Details	Comments
4	<i>Competition for the acquisition of prime cattle typically takes place within a 400km radius of a point of sale</i>	To state that competition is all but limited to a 400km radius is dangerous, assumptive and misleading. Distance does not control the Australian livestock industry, but demand. To suggest as such, effectively dismisses the major contribution of the northern beef industry. The best positive pricing pressure results from non localised processor/exporter/feedlot/agency orders entering a market, whether saleyard, OTH or private treaty.
8	<i>80 per cent of cattle acquired for processing travelled less than 400km to reach an abattoir after purchase.</i>	We question this statistic – where does this information come from?
	<i>Producers do not consider live exporters to be a close substitute to these processors.</i>	Live export impact on pricing in this area would suggest the assumption is incorrect. Live export units directly impact available supply and price at any given time considering the forward contracting and stock accumulation process required to create continuity of supply for shipping.
	<i>Barriers to entry and expansion into processing in most regions of Australia are high...These conditions can reduce the incentive for new entry and dampen competition among incumbents.</i>	We question the assumption of this statement. More processors have actively entered the market in the past three years than have left.
9	<i>Time series of saleyard data is only available upon request. Saleyard price data is reported weekly in .pdf files, making comparison through time difficult.</i>	Please note our comments to Recommendation 3.
	<i>There are information asymmetries between producers...and buyers</i>	This highlights the reason for and importance of stock and station agencies.
	<i>Cattle prices are inconsistently reported between sales channels, particularly with respect to cattle types and geography. It is difficult for producers to compare historical</i>	We question the correctness of this statement as historical trending graphs and basis adjustment are clear and accessible to those within industry from MLA.

Page	Details	Comments
	<i>prices between channels on a like-for-like basis.</i>	
	<i>Pricing grids can be complex, which can limit their usefulness as a decision-making tool for producers.</i>	This statement is incorrect and misleading.
	<i>Some producers have difficulty accessing price grids which limits their ability to make informed decisions about selling cattle.</i>	All producers can access grids / specifications however this can be dependent on the suitability of cattle that are offered or past performance data. Agency involvement can assist in removing these barriers.
10	<i>Processors submitted to the ACCC that a vast majority (approximately 90 per cent) of cattle sent to abattoirs for slaughter are acquired directly from the producer, rather than through saleyards.</i>	We question the accuracy of this statistic as it does not align with the ABARES statistical information provided in Figures 1.5 and 1.6
23	<i>Over the hooks (OTH): livestock are delivered by producers directly to processors, with change of ownership occurring when carcasses are weighed shortly after slaughter and trimming.</i>	It also needs to be noted that agents are often involved in this sale channel.
24	<i>Small farms are more likely to use auctions because they are generally located close to saleyards, (minimising freight costs) and produce and trade a relatively small number of multiple cattle types for store and prime markets.</i>	This statement is simplistic and assumptive. Proximity to a specific saleyard does not mean it is best suited to the type of cattle being sold. For instance, a producer may opt to sell feeder steers through a saleyard in a feedlot area rather than their local saleyards which may attract backgrounders.
25	<i>a lack of infrastructure and distance reduces the ability of some producers, particularly in more remote areas, to access markets more commonly used in southern Australia, including saleyards and online sale.</i>	Producers in remote areas actively participate in all sales channels, to suggest otherwise is incorrect.
	<i>the use of price grids allows processors to send signals to the market about desired cattle characteristics to meet customer needs.</i>	This statement goes to the crux of the price transparency debate. The pricing signals are available and it is up to all participants within the supply chain to understand these signals.

Page	Details	Comments
26	<i>Although the number of operators has reduced, the ACCC understands that overall capacity has increased as processors have sought to improve efficiency through scale.</i>	Investigation of new players over the last three years should be noted with a significant appearance of small to mid range operators activating mothballed facilities.
41	<i>these instances are small relative to overall prime cattle acquisition volumes indicating that competition from distant buyers is relatively inconsistent and weaker than local buyers in the region.</i>	The underlying effect on price is missed in this conclusion. It only takes one smaller operator to create market tension creating a better price. North vs south seasonality follows historical trends and market shift in both areas being linked at various times of year or season with an expected lag time. Producers, agency, processors, feedlots and exporters have a clear understanding of this dynamic.
	<i>Box 3.1: central Australia, northern Queensland and northern Western Australia</i>	This is also applicable to King, Flinders and Kangaroo Islands as well as remote South Australia. Property values are proportionate to the extra costs and time involved in production and consignment. These considerations are a factor of initial property purchase negotiations. Proximity of processing or saleyards cannot be used as a trigger for diminished competition when the producer had all of this information prior to consideration of operation.
42	<i>The ACCC understands that cattle at the heaviest end of the scale are most likely to be limited for sale to a processor with export capability.</i>	This is a conscious informed decision made by the producer. Supply and demand dictate end result. Forward contracts and various auction methods are available for producers to mitigate spot market risk but they are not obliged to use. How does lack of use of available options become the responsibility of agency, processor, feedlot or exporter?
43	<i>A producer would also need to be confident that changes in market conditions, especially prices, were likely to be sustained rather than short term fluctuations. Accordingly, producers require clear price signals so that they can judge whether altering their</i>	Wouldn't we all! This is a very simplistic outlook and is unachievable. There are unlimited factors that at any point in time can influence prices. The obvious being currency fluctuations, weather events, industrial action etc.

Page	Details	Comments
	<i>production systems is likely to be profitable.</i>	
45	<i>Producers' limited flexibility for altering cattle production in the short run could result in producers having fewer selling options and potentially lower prices.</i>	Traditional spot marketing or short term contracting are an issue that agency has been trying to change with producers for many years. Longer term production turnoff contracts would allow them to become price setters who concentrate on animal productivity not price takers impacted by short term seasonal conditions.
55	<i>MLA does not publish the results of each pen but groups cattle with similar attributes together (e.g. Yearling Heifer, 330-400kg, for slaughter, muscle score C, fat score 3), reporting low, high and weighted average prices on a liveweight cents per kilogram basis for each group.</i>	Most do not attend sales so individual pen information has no relevance to the market trend and is irrelevant to transparency of pricing.
56	<i>Issues relating to the reporting of saleyard prices</i>	Agents provide market information to saleyard clients at request and often as part of the sale process to select best option. Most agents have relationships that relate directly to market and specification of cattle to be sold with producers. It seems this assumption is made from the few that consider their cattle sold are better than they may have been without attending comparative sales prior to sale.
	<i>Issues relating to the reporting of over the hooks prices</i>	Grids are proprietary information of the principal. They are used as indicative pricing only and agency / producers can negotiate outside of the grid. The flexibility is determined by supply and demand.
	<i>Reporting of paddock sales and forward contracts is not robust</i>	To single out just two end users is damaging to the true understanding of how paddock sales and forward contracts operate.
57	<i>The lack of reporting on direct sales prices reduces transparency</i>	Third party privacy determines reporting on these sales may not be viable. It also does not consider

Page	Details	Comments
		variance within livestock from one property to the next.
	<i>Saleyard and over the hooks prices are not easily comparable</i>	There are many methods of comparison starting with MLA and then there are agency note books that have conversion tables as well as simple software programs to give true and accurate comparisons. This paragraph is unfounded and further evidence is required.
58	<i>The ACCC is aware of concerns that producers can have difficulty accessing price grids in a timely way.</i>	Is there a quantifiable number of producers who have raised these concerns and the number of saleable cattle these producers offer to find relevance to this document?
	<i>The ACCC understands that price grids are made available to prospective cattle suppliers through a number of different channels, including...</i>	The report also needs to note that price grids are also available through stock agents.
	<i>The ability of producers to make appropriate production and investment decisions is significantly affected by the availability of accurate and timely pricing information</i>	The information is available, participants just need to be proactive in sourcing it. Agents can facilitate this process and are at the forefront to advise clients with these decisions.
59	<i>The ACCC has received feedback during this market study that producers may not have the appropriate skills to accurately assess the grade their cattle will likely achieve when processed</i>	For producers that have raised this issue has the inquiry questioned if they have ever sought assistance in understanding the information that is readily available?
	<i>Feedback from industry suggests that assessing live cattle for carcase grade is difficult, requiring significant skill and regular benchmarking for accuracy.</i>	We agree, hence the value of engaging a reputable stock and station agent who can improve returns through relationship building and providing marketing and animal production advice.
72	<i>occasionally used by larger producers to dispose of cattle unsuitable for sale direct to processors' works</i>	This statement is a poorly formed assumption that does not take into consideration specialty sales that provide opportunity for large vendors to offer cattle to the widest audience.

Page	Details	Comments
	<i>6.2 Saleyard processes lead to competition risks</i>	6.2 does not draw attention to auction sales being the most effective method of setting price for any form of item or animal. It also does not address the fact that an individual is under no compulsion to bid if they do not desire AND the vendor has the right to apply a reserve or no sale any lot at the fall of the auctioneer's hammer if the vendor does not believe the price achieved is fair or meets their needs.
78	<i>Example of impact of a common buyer's agent</i>	We would appreciate clarification of this example as we believe it is incorrect and is misleading.
79	<i>The ACCC notes the concerns raised in some submissions that livestock agents do not properly act in the interests of their vendor clients</i>	This would form a short term view of retaining business and the vendor would look for a different service provider. Agents actively defend their client base because the sale commission creates income for their business. Reputation is quickly damaged in communities if an agent is seen to be acting in self interest.
80	<i>6.3.4 Licensing requirements for livestock agents are inconsistent across states and territories, and between sellers and buyers</i>	Please see our comments on Recommendation 13. Currently NSW, ACT, WA, NT and QLD require auctioneers to be licensed.
	<i>Requirements for professional livestock buyers (including commission buyers, professional buyers and livestock agents) also vary between states. Licensing requirements in NSW and the ACT apply to agents acting for buyers as well as sellers, and therefore a strict reading of both forms of regulation implies that commission buyers require a livestock agent's licence. Buyers are not, however, required to be licensed in other states</i>	We believe that this statement is incorrect as livestock buyers do not have to be licensed.
83	<i>The ACCC's consultation demonstrates a clear lack of trust that livestock agents and professional buyers will act legally and ethically.</i>	This is directly insulting to the greater agency community and based on inadequate and poorly formed information from a limited number of sources. Unless supported by

Page	Details	Comments
		evidence it should be removed as part of this document.