

**Submission to ACCC enquiry  
into  
Supermarket Pricing in Australia**

**By**

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**Launceston Tasmania**

**Perspectives on the beef industry in Tasmania and  
fair trading practices by Coles and Woolworths as major players in the  
domestic meat market.**

## BACKGROUND DAVID BYARD

I have had a long association with the beef industry in Tasmania. This includes:

- Thirty years as a beef producer in the north of the State, supplying beef to supermarkets, small butchers, interstate abattoirs and export abattoirs.
- Chairman, TFGA Meat Council, for three years
- Owner, Wilderness Meats, Launceston
- Instigated the development of the Tasmanian Blue Label
- My interest in the area of fair trading in the food industry has been longstanding. I am concerned that consumers are not being adequately informed about the origin of the meat that they buy in supermarkets and elsewhere. Consumers are unable to confidently buy high quality meat on a consistent basis at reasonable prices.

## INTRODUCTION

The beef industry in Tasmania is worth \$240M at farm gate value.

The Tasmanian beef industry is made up of approximately 1500 producers who are breeding, growing out and slaughtering or selling as livestock 270,000 cattle per year.

The gross value of agricultural production in Tasmania is \$945M at farm gate. Of this, 27% or \$255M is made up of livestock slaughtering.

Approximately 70% of Tasmanian consumer's are buying beef meat from the two major supermarkets, Coles and Woolworths.

These supermarkets exert a huge influence over the Tasmanian beef industry and their buying and marketing practices are of significance for both consumers and beef producers in this State.

In my submission, I would like to raise three issues that are of relevance to this inquiry.

I believe the ACCC needs to consider and act on these issues because they may impact on Fair Trading practices within the food industry in Australia.

## ISSUES FOR FAIR TRADING, TRANSPARENCY AND COMPETITION IN MARKETING OF BEEF

### Issue 1: *Fair trading and transparency*

- Advertising by the supermarkets is the perception true?
- Origin and description of meat on meat retailer shelves
- Specifications are they used to give a false impression
- Boxed beef fact or fiction?

# COMPETITION

## **Issue 2: *Competition***

In the ACCC inquiry in 2007, it said “that no one purchaser was able to distort the market. Has this changed?”

Can the dominance of supermarkets in the Australian meat industry have an unfair impact on prices?

Tasmanian consumers are they eating Tasmanian or boxed beef from Interstate.

# PROFITABILITY FOR SUPERMARKETS RETAILING OF MEAT

## **Issue 3: *Retail profitability of meat***

It has been claimed by Coles in the ACCC 2007 that they make 3% profit from the sale of meat from their stores, has this changed?

What is a realistic return?

Farmers do they buy retail, sell wholesale, and pay the freight both ways?

## CONCLUSION

- ✧ The supermarkets have an unfair advantage over buying and selling price.
- ✧ Supermarkets are able to manipulate livestock and meat prices significantly.
- ✧ Consumer perception that the supermarkets buy the best meat from farms, in most cases is doubtful.
- ✧ There is a desperate need for better labelling and description of meat at point of sale.
- ✧ Consumers and farmers are both being disadvantaged.
- ✧ The gap between farm gate price and retail price is widening.
- ✧ The supermarkets are able to manipulate the competitiveness of retail prices for meat in Australia.

## RECOMMENDATIONS

- The ACCC recommend the adoption of a mandatory grading system
- The adoption of a simple nationally consistent way of describing meat to the consumer. (aus meats language)
- Meat to be labelled at point of sale showing state of origin and grade of meat
- The adoption of a consumer education campaign regarding the description of meat
- The adoption of a “Red Meat Watch” publicly available yearly audits showing the difference between saleyard and domestic retail prices for red meat