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4.3.1 A saleyard buyer register should be developed.

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4.3.2 More detailed reporting of saleyard purchases.

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

4.3.3 Terms of sales at auctions should be displayed.

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

4.4 Licensing and implementation

4.4.1 Livestock agent licensing should be consistent across states and territories.

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

4.4.2 Role of the Red Meat Advisory Council.

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.

Appendix A
1. **Glossary**

**Agent (livestock agent):** Acts as an agent for the producer/vendor to secure a sale and earn commissions. Agents are active in a variety of sales channels (e.g. direct sales including over the hooks), not just at auctions.

**Agriculture Ministers’ Forum (AGMIN):** Comprises Australian/state/territory and New Zealand government ministers with responsibility for primary industries, and is chaired by the Australian Government Minister for Agriculture and Water Resources. The role of AGMIN is to enable cross-jurisdictional cooperative and coordinated approaches to matters of national interest. AGMIN is the peak forum to collaborate on priority issues of national significance affecting Australia’s primary production sectors including fisheries and forestry.

**Carcase weight:** Weight of the carcase after slaughter, with standard carcase trim and offal removed. Used to determine payment based on grids for **over the hooks** sales.

**Commission buyer:** Acts on behalf of a third party to procure cattle. Major acquirers of cattle generally employ their own ‘corporate’ salaried buyers and rarely use commission buyers.

**Dollars per head ($/hd):** A pricing method. Cattle ready for slaughter are generally priced according to weight, and not dollars per head.

**Grading:** Process by which processors assess quality aspects of cattle carcasses. Involves a general assessment of the carcase, by a trained assessor, who classifies the carcase based on qualities such as fat depth and colour, muscle shape and size, and any detrimental characteristics such as injury or bruising.

**Over the hooks (OTH):** Where cattle are sold direct to the processing plant and the producer is paid based on a **price grid.** The weight of the processed carcase along with the carcase grade is used to determine price.

**Liveweight (‘over the scales’) (pre and post-sale weighing):** Where cattle are sold based on their live weight, usually in cents per kilogram. Also referred to as ‘over the scales’. Pre-sale weighing is generally favoured by producers, whilst post-sale weighing is generally favoured by buyers (although some processors say prices are not affected by the method).

**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 (c/kg) liveweight basis. The sale may be negotiated by an agent on behalf of the vendor.

**Price grid:** A schedule of price and carcase attribute data used to determine the price paid per kilogram to a producer for their cattle. Prices are arranged on the grid based on the final weight of the carcase, along with its graded attributes. The grid may also include premiums and discounts that will apply for carcase attributes.

**Prime cattle (fat or slaughter cattle):** Cattle which are ready for slaughter. Saleyards tend to have a ‘prime’ cattle sale and a ‘store’ cattle sale. Store cattle are not ready for slaughter.

**Saleyard:** A physical auction market where buyers and sellers trade livestock. There may be separate sales for store and prime cattle.

**Standard carcase trim (‘trim’):** Trimming refers to the removal of certain fat and other layers from a carcase, prior to it being weighed and graded. AUS-MEAT specifies standard requirements for trim.

**Store cattle:** Cattle suitable for breeding or finishing, but not for slaughtering.
2. Introduction

The Australian Competition and Consumer Commission (ACCC) is an independent Commonwealth statutory authority whose role is to enforce the Competition and Consumer Act 2010 (CCA) and a range of additional legislation, promoting competition, fair trading and regulating national infrastructure for the benefit of all Australians. In addition to investigating potential breaches of the CCA and taking enforcement action where necessary, the ACCC conducts market studies and inquiries. Each of these activities involves different objectives and information gathering powers.

In 2016–17 the ACCC conducted a market study of the cattle and beef sector. Leading up to the market study, cattle and beef industry participants voiced concerns about anti-competitive conduct and market structures. Prior to the market study, broad concerns were raised during the ACCC’s review of JBS Australia’s acquisition of Primo Foods in 2014–2015, and the ACCC’s investigation into an alleged collective boycott by cattle buyers at the Barnawartha saleyard in 2015–16.

The market study examined competition, transparency and efficiency in cattle and beef supply chains. The ACCC consulted with a wide range of interested parties, including industry associations, producer representative bodies, producers, agents, commission buyers, processors, supermarkets, feedlot operators, live exporters, Meat and Livestock Australia (MLA) (the red meat industry’s research, development and marketing service provider), and AUS-MEAT (the industry’s meat auditor and certification provider). During the study the ACCC received 85 submissions, issued several information requests, and held five public forums across the country. We published an Interim Report in October 2016 and engaged in further consultation before finalising our views.

In our Final Report published in March 2017, the ACCC identified certain long-standing and industry-accepted practices which, when combined with other industry features such as intersecting personal and professional relationships, are characteristics which risk damaging transparency, competition and efficiency in the industry. The ACCC made 15 recommendations to address these issues.

This report is a review of progress toward implementing the recommendations in the twelve months since the release of the market study Final Report.

2.1 ACCC recommendations and consultation on progress

The market study provided an opportunity for meaningful improvements to be made to the cattle and beef supply chain. A number of recommendations were made with the aim of bringing about those improvements. Certain recommendations were relevant to specific organisations, while others were more general and required industry leadership and agreement by multiple stakeholders in order to be implemented.

Detail on each recommendation is below in section 4 of this report. While some progress has been made on certain recommendations, the level of voluntary reform has in general been disappointing.

During the review process, the ACCC consulted with or sought feedback from the organisations listed in Appendix A.

We received mixed feedback from various stakeholders regarding their appetite to implement many of the reforms. The Red Meat Advisory Council (RMAC) submitted that 12 of the 15 recommendations are ‘in progress’ (a statement with which the ACCC does not agree), while the Cattle Council of Australia (Cattle Council), supported by the National Farmers Federation (NFF) and AgForce Queensland (AgForce), submitted that they considered the steps taken by industry to date have been appropriate.

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1 Meat & Livestock Australia (MLA) delivers research, development and marketing services to Australia’s cattle, sheep and goat producers. MLA is funded by industry levies.
2 AUS-MEAT manages a number of industry product standards and also accredits and audits meat processing plants.
The ACCC has been surprised by this response and the lack of support for and degree of resistance against the recommendations from many of the national industry bodies that represent producers’ interests. The ACCC’s recommendations followed an extensive consultation process, including several producer forums held in cattle production regions across Australia, where we heard directly from producers about practices which impede the industry’s ability to function efficiently. Many of the state-based producer representative bodies, such as NSW Farmers Association (NSW Farmers) and the Victorian Farmers Federation (VFF), have also been predominantly supportive of the ACCC’s recommendations and are eager to see these implemented for the benefit of the whole industry. This view contrasts with that of their national representative counterparts.

2.2 Reasons for lack of progress

Toward the end of the market study and during the period of this review, cattle market conditions have been stronger than in the lead up to the study. This may have removed some of the pressure created by producers to see change. However, cattle markets are cyclical and the MLA’s Cattle Industry Projections indicate that beef and cattle prices are likely to come under pressure in 2018 as international export competition intensifies and supply increases. This could have implications along the supply chain and re-focus attention on the problems identified during the market study.

We also note that there has been some lack of stability in the representation available to grass fed producers. Recommendations 4 and 5 of the Senate Inquiry into the effect of market consolidation on the red meat processing sector were that the government should provide support, financial assistance and official recognition to Cattle Australia to replace the Cattle Council as the grass fed sector’s Peak Industry Council. In January 2018 the Cattle Council withdrew from negotiations; remaining members of the implementation committee expressed their determination to proceed with the formation of Cattle Australia.

Notwithstanding the possible reasons for inaction, a common theme arising from our consultation for this progress report was that the industry wished to see concrete supporting evidence of the ACCC’s recommendations before taking steps to implement them. This suggests that the value of market transparency, and the relevance of our recommendations, is either not well understood or does not suit the interests of those industry participants who are in a position to improve it.

Market transparency is a compelling reason in its own right as it is a prerequisite for a functional market and effective competition. The better informed producers are in making production and investment decisions, the more productive cattle markets will be. Furthermore, these decisions are an important determinant of the efficiency of the cattle industry. While the Final Report presented our analysis and reasoning, due to the lack of progress and in response to requests from stakeholders we have further outlined our views in section 3.

Progress has generally been made where there are existing industry structures or systems in place that can be improved on or utilised: for example improving market reporting (recommendation 4) or communication and education activities about interpreting grading feedback (recommendation 10).

In contrast, there has been little or no progress on recommendations which require action from processors or cooperation across supply chain participants. The ACCC’s view is that much of the inaction appears to relate to entrenched industry positions and roles, a desire to keep the market opaque, and a lack of bargaining power from producers limiting their ability to push for change. Where there is appetite for change (for example recommendation 14), the industry has not been able to effectively push this forward.

Implementing the recommendations requires engagement between parties at each stage of the value chain. 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.

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4 Senate Standing Committee on Rural and Regional Affairs and Transport, Effect of market consolidation on the red meat processing sector, Parliament of Australia, Canberra, 2017 (Senate Inquiry).
2.3 Market studies in context

Market studies are in-depth market, sector or industry reviews. A market study is a tool commonly used by competition enforcement agencies around the world for a variety of purposes, including:
- to enhance knowledge of the sector
- to assess the state of competition in the sector
- to obtain understanding of the market for the purpose of enforcement action
- to recommend or implement strategies and initiatives to address any issues identified.

According to the International Competition Network (ICN):

*Market studies can often involve more than one outcome, especially where outcomes complement each other. For example, a market study may lead to recommendations to change regulation, combined with voluntary action by business that supplements the proposed regulatory change.*

The ACCC publishes findings and recommendations to help inform consumers and market participants, encourage public debate over competition and consumer matters, and inform policy consideration.

At times, a competition agency’s market study recommendations might include action to be taken by the agency itself, such as competition and consumer law enforcement or advocacy. However, as indicated by the ICN it is often the case that recommendations require industry action to bring about changes for improvements to an industry. This is the case with the Cattle and Beef market study.

2.4 The way forward

The recommendations of the Cattle and Beef market study were made for the benefit of the cattle industry, and despite lack of industry progress and in many cases enthusiasm, the ACCC continues to see clear benefits to their implementation. Our concern is that practices which impede the greater efficiency of the industry will become entrenched if the market study’s recommendations are not implemented.

Therefore, the ACCC will continue to monitor and advocate for the implementation of the market study’s substantive recommendations.

In the Final Report the ACCC recommended that RMAC should have prime responsibility for overseeing the implementation of the other 14 recommendations, and for monitoring compliance with these. However, RMAC has indicated that the implementation of the recommendations does not fall within its role. We do not believe that RMAC should be tasked with a voluntary process for which they have no enthusiasm.

Consequently, given the lack of industry leadership and progress on many recommendations, the ACCC will engage with Commonwealth and state governments through the AGMIN forum to advocate for the consistent implementation of the recommendations across these jurisdictions.
3. Transparency and efficient markets

The Final Report presented the ACCC’s analysis and reasoning behind the 15 recommendations. Due to the lack of progress and in response to requests from stakeholders, we have further explained our views below.

3.1 Importance of transparency

Production and investment decisions made by cattle producers are an important determinant of industry efficiency. The better informed about relevant market conditions producers are in making those decisions, the more productive the sector will be.

Transparency of price and other key market information is a prerequisite for functional markets and effective competition, which results in greater industry efficiency and improved welfare for producers. In a transparent market, producers have access to accurate, relevant and timely information so that they can make decisions that are in their best interests and are not at a significant information disadvantage compared to processors.

In livestock markets this information includes:
- representative data regarding cattle and beef production
- representative data regarding cattle and beef sales
- information about the carcase quality of animals slaughtered
- prices from farmgate to retail or export
- information on who is participating in the market.

This information should be available across the supply chain and across time, and to producers and buyers equally.

The ACCC found that much of this information is either not available to producers, is not presented clearly, or is not available in time to help inform producer’s decisions. For example:
- a range of cattle price data for OTH, saleyards and online auctions is published on a regular basis by Meat and Livestock Australia (MLA) and other sources. However, gaps and inconsistencies mean that not all of the reported data is easy to interpret or compare, reducing its usefulness to the industry
- price grids are not freely available or easy to compare between processors
- a degree of producer distrust in the OTH grading and feedback system reduces its ability to send market signals to producers
- there are several characteristics of saleyard auctions which make them susceptible to anti-competitive conduct, including a lack of transparency regarding participants.

Furthermore, there are information asymmetries between:
- producers, who (while having access to consultants and livestock agents for advice) predominantly rely on publicly available information, and
- buyers who have wider market knowledge, systems and staff to interpret their own prices and those in the broader industry.

Improved and more equal information flows and transparency would provide clearer signals about allocation of farm resources, production, sales, processing and marketing, helping markets to operate more efficiently. Producers would have better access to the information required to make well informed business and risk management decisions, negotiate more effectively, and adapt to changing market signals or consumer trends.
Cattle transactions have shifted in prevalence from auctions with relatively visible price discovery mechanisms, to direct sales where price information is not transparent at all. Given that:

- approximately 90 per cent of processor cattle transactions are direct purchases from farmers (mostly OTH)\(^8\)
- a large and dispersed number of producers deal with a small number of cattle buyers who hold and control most of the industry’s price information.

This situation is a serious risk to the efficiency of the industry.

Improved price transparency would have clear benefits, such as:

- making it easier for producers to decide where to sell their livestock at any given time by helping them ascertain a fair price and sending clearer signals as to processors quality requirements and preferences. This would also stimulate competition between cattle buyers. In the medium to long term, producers will also be able to improve their investment and marketing decisions.

The benefits of improved transparency in physical markets can also flow on to financial markets, providing:

- improved access to finance for producers
- increased confidence from investors
- the basis for derivatives mechanisms such as futures and options, which can assist in managing price risk and volatility.

Increased transparency around market participation, grading and auditing processes would also assist in ensuring the integrity of the industry.

We note submissions that the benefits of gathering and publishing information need to be balanced against the costs and risks. A processor submitted they will lose a competitive advantage if forced to reveal what they consider to be proprietary information. The ACCC’s view is that data can be aggregated and de-identified. This can be done without compromising the competitive position or growth opportunities of processors and other firms.\(^9\)

Recommendations one to five specifically relate to transparency. Further, recommendations about objective carcase measurement, dispute resolution, carcase grading and saleyards are also all in various ways aimed at improving transparency and hence market efficiency.

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8 During the market study, major beef processors and supermarkets in Australia submitted that approximately 90 per cent of the cattle they purchase are acquired directly from producers (ACCC, Cattle and beef market study—Final report, 7 March 2017, https://www.accc.gov.au/publications/cattle-and-beef-market-study-final-report, p. 70).

9 The ACCC notes that the Senate Inquiry also highlighted the need for transparency throughout the supply chain, and called for the establishment of a national price disclosure and reporting system to address this issue.
4. Progress on recommendations

4.1 Transparency in cattle markets

4.1.1 Price grids should be made publicly available

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

**Progress: None**

**Key points:**
- It would be straightforward to publish grids online, therefore this recommendation could easily be implemented.
- Implementation would increase producers’ ability to access and compare prices.
- There is strong support from farmer representative groups for this recommendation.
- Processors have expressed reluctance to progress this recommendation.
- Despite concerns raised by processors, the ACCC’s view is that the publication of price grids of itself would not increase the risk of anti-competitive concerted practices.
- Recommendations 1, 2 and 3 are designed to operate together to increase producers’ ability to make informed decisions about who they sell their cattle to and when.

The ACCC considers that cattle buyers using price grids should make them publicly available to producers in a timely manner. For example, grids should be published in a prominent position on the processor’s website and also be made available if requested by phone as soon as practicable after prices are updated.

As noted in the Final Report, public availability of price grids will increase producers’ ability to access and compare prices. This will increase price discovery and the ability of producers to negotiate and make informed and timely decisions about who to sell their cattle to.

In the Final Report, the ACCC found that some producers have difficulty accessing price grids, and that any delay in obtaining grids would limit their ability to make informed decisions about selling cattle. Where price grids are not publicly available on a company website, a buyer maintains discretion over whom it releases price grids to. This is likely to limit producers’ bargaining power if they cannot easily access price grids from alternative buyers, dampening competition in cattle acquisition markets.

Additionally, many small-scale producers submitted that their requests for grids are often ignored because the consignments they propose to send are too small. Although buyers are not obliged to purchase cattle from any supplier, information on expected future prices will influence the production and investment decisions of producers.

The ACCC considers that this recommendation would not be difficult to implement. MLA ‘remains committed to incorporating any additional price grids provided by processors into the reports it regularly prepares’. There are also proposals for privately operated online price comparison tools which have the potential to enhance transparency and make pricing decisions more efficient, provided the operators have timely access to price grids. NSW Farmers noted the potential of both such options.

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There is strong support from state-based farmer representative groups for this recommendation. NSW Farmers and Livestock SA made submissions in support, and the VFF considers its implementation to be a key priority.

Processors have expressed reluctance to progress this recommendation. Only one major processor makes price grids publicly available on its website (Bindaree Beef, as was the case prior to the ACCC report), while all other processors continue to only provide grids upon request.

Processors have suggested that increasing the availability of price grids could oversimplify farmers’ decision-making processes, cause confusion, increase pricing volatility or facilitate price signalling. RMAC and the Cattle Council expressed similar views. RMAC, the Cattle Council, Australian Meat Industry Council (AMIC) and some processors have also suggested that current practices are sufficiently transparent.

The ACCC recognises that it is not in processors’ interests to increase transparency by making price information more readily and widely available to the market, especially to producers. Some parties also submitted that publishing price grids could increase volatility as competing cattle buyers respond more immediately to each other’s changed prices. The ACCC’s view is that more transparent price information will force processors and other buyers to make their best offers upfront, or else risk losing purchases. In addition, processors’ concerns about farmers’ ability to use the information in their decision making illustrates the importance of recommendation 2.

**Concerted practices**

In 2017, new legislation relating to anti-competitive concerted practices came into effect. A concerted practice occurs where competitors engage in cooperative behaviour, rather than independently responding to market conditions. A concerted practice will contravene the CCA if it has the purpose, effect or likely effect of substantially lessening competition.

The ACCC’s view is that the publication of price grids of itself would not increase the risk of anti-competitive concerted practices. Rather, the publication will promote competition by increasing the information available to producers and reducing the information asymmetry between them and buyers. This will give producers an improved ability to negotiate and respond to different offerings.

Parallel behaviour by processors (for example, making price grids publicly available on their websites, setting similar prices or making similarly-timed price changes) that results from processors independently responding to market conditions is not by itself evidence of concerted practices. Parallel behaviour only raises competition concerns if processors have an anti-competitive purpose, or cooperation replaces or reduces competitive, independent decision making. In a competitive market, competitors may independently respond almost immediately to each other’s changes in pricing. For example, if one competitor lowers its price, others may respond immediately to avoid losing customers. Publishing price offers would only raise concerns if processors had an anti-competitive purpose or coordinated the timing of the publication of grids and/or used this information to co-ordinate their pricing decisions as a substitute for the risks of competition.

Further, the ACCC considers that many processors already have a reasonable understanding of their rivals’ prices and any additional risk of coordination would be low. Risks to competition are also reduced because the information is publicly available simultaneously to all market participants. The pro-competitive benefits to producers of more timely and transparent price information would also counter any increased risk of coordination.

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4.1.2 **Price grids should be easy to interpret and compare**

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.

**Progress: Some**

**Key points:**
- Industry has made some efforts to enhance producer understanding of price grids and their interpretation through webinars and producer forums.
- Further engagement of this type is planned for 2018.
- Processors should publish their price grids, and use engagement over their interpretation as a way to build and maintain relationships with producers.

Implementation of recommendations 2 and 3 will increase transparency and reduce information asymmetries, thereby improving the ability of producers to negotiate and make informed choices about who to sell their cattle to.

There have been some noteworthy efforts to enhance producer understanding of price grids and their interpretation. Beef Central and Future Beef hosted a webinar for producers on price grids and carcase feedback, featuring a discussion between representatives from Meat Standards Australia (MSA) and AUS-MEAT.\(^\text{17}\) AUS-MEAT advised that 200 people participated in the live event, and a video of the presentation has been viewed several hundred times.

The ACCC also understands that AUS-MEAT has participated in livestock producer group sessions and producer forums run in conjunction with meat processing companies. AUS-MEAT submitted that demand from producers for their expanded range of online information has been low.

The Cattle Council informed the ACCC it is organising a series of webinars for 2018 about the interpretation of price grids and carcase feedback, and how to utilise these to make informed business decisions. NSW Farmers has also held information sessions on grids and grading information, which MLA has contributed to. They, along with Livestock SA, support the use of webinars and face-to-face communication to promote this information.

AMIC told the ACCC that it is not the responsibility of processors to educate suppliers as to how to interpret price grids, although it may be beneficial to do so to attract new suppliers. Further, comments from processors that increasing the availability of price grids could oversimplify farmers’ decision-making processes or cause confusion only underline the importance of this recommendation. The ACCC disagrees with these views and considers it is the clear responsibility of cattle buyers to provide transparent pricing information. Their provision of appropriate guidance on the interpretation of grids would enhance the benefits of this.

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

**Progress: None**

**Key points:**

- The format and complexity of grids varies significantly. One major processor’s price grid that we examined during the market study contained more than 200 individual price variables.
- Processors should provide grids that are simple and easy to understand because this makes it easier for producers to compare offers.
- This recommendation is not intended to create an environment where pricing is uniform or coordinated, nor where a price is guaranteed for a particular animal.

The format and complexity of price grids can vary significantly, largely reflecting the number and variety of markets that a processor supplies, and the end-product attributes demanded by these different markets. For example, the ACCC examined a major processor’s price grid during the market study and it found contained more than 200 individual price variables, with additional discounts for bruising, fat and meat colour and fat coverage and premiums for pasture certified cattle.

Despite this, industry has not taken any measures to simplify price grids. Some processors (JBS and NCMC) maintain that their grids are easy to understand, and RMAC has stated that ‘across the RMAC membership there has not been widespread feedback either pre or post-farm gate these are complex to deal with’.

AMI C and RMAC have submitted that it would be difficult to simplify grids or guarantee a price because this will vary based on the characteristics of each animal. The purpose of recommendation 3 is to allow producers to more easily compare buyers’ pricing, rather than to create an environment where pricing is uniform or coordinated. Nor is it intended to guarantee a price for a particular animal. Rather, the ACCC considers that buyers should simplify each of their price grids in format and substance, reduce the number of variables where possible, and use common terms and specifications to enable producers to more easily compare offers.

NSW Farmers supports the recommendation and submitted that there is potential to simplify grids, and that simplification will be further enabled by the development of technology and greater focus on specifications that are important to consumers.

RMAC has advised the ACCC that it would support an industry-funded price grid audit. The ACCC considers that this could be of assistance if it enabled industry to identify similar terms that could be simplified and described in a consistent manner, enabling producers to more easily compare offers from rival processors.

Recommendations 1, 2 and 3 are designed to operate together to increase producers’ ability to make informed decisions about who they sell their cattle to and when. In order to be successful, simplification of price grids must occur in conjunction with increased availability of price grids and sufficient producer education about how to interpret them.

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4.1.3 Improvements to market reporting are needed

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.

Progress: Commenced

Key points:

- Prices are difficult to compare across sales channels: they continue to be reported on an inconsistent basis in regards to weight range and there have been no improvements to the reporting of prices throughout the supply chain.
- This is an example of a lack of transparency, and a source of information asymmetry between producers and other supply chain participants, which is likely to reduce the effectiveness of producers’ decision making and lower their returns from cattle sales.
- MLA has improved the Market Reports & Prices section of its website, making the database easier to interrogate, and has committed to further enhancements. Its ability to make these changes will depend on the quality of information provided by other industry participants, particularly cattle buyers.
- Australian exporters are ‘price takers’ and therefore the ACCC is unconvinced by arguments that the public reporting of data could be used by trade partners to distort international prices.

During the market study producers submitted that prices are difficult to compare across sales channels. The ACCC attempted to make its own comparison of price data derived from different sales channels, for example OTH compared to saleyard prices, and found that differences in reporting made it difficult to draw meaningful comparisons.

MLA collects saleyard price data on a liveweight basis which is converted to a carcase weight equivalent price. However, the carcase weight equivalent prices for major saleyard cattle types do not match the weight categories used for OTH prices reported for these cattle types. For example, saleyard prices for Queensland heavy steer are converted to carcase weight equivalent by applying a dressing percentage of around 54 per cent to liveweight (500–600 kg), implying a carcase weight of between 290 and 350 kg. This compares with a carcase weight of between 300 and 400 kg used for the equivalent OTH indicator (grown steer).

The inability to easily compare prices across sales channels is another example of a lack of transparency in the industry, and a source of information asymmetry between producers and other supply chain participants. The effectiveness of producers’ decision making is likely to be reduced, and this could lead to lower returns from cattle sales and less competition between buyers.

The Senate Inquiry also commented on the importance of price transparency, and the need for information regarding profits and margins (along the supply chain) to be made available to producers.\(^{19}\)

Between the ACCC’s Interim and Final Report, MLA made improvements to the Market Reports & Prices section of its website in response the ACCC’s interim recommendation relating to historical pricing. The database is now easier to interrogate.

Following the release of the ACCC’s Final Report, MLA committed to further enhancing its market reporting, noting that it would work through the ACCC recommendations that were within its remit in consultation with industry.\(^{20}\) The ACCC understands MLA is working on a range of initiatives to improve the way it supplies information, including:

\(^{19}\) Senate Standing Committee on Rural and Regional Affairs and Transport, Effect of market consolidation on the red meat processing sector, Parliament of Australia, Canberra, 2017.

planning to release a mobile app that will further simplify the use of MLA reports for producers and others, and will include time series data
- publishing and promoting a suite of market newsletters and communications reporting on, and analysing, market developments for use by producers, processors, retailers and others
- providing the myMLA online portal that allows users to create a customised online dashboard to access relevant MLA resources
- providing speakers and market analysts at industry forums
- prioritising automation of its market data collection.

The ACCC welcomes the improvements made by MLA, and MLA’s ongoing support for making further changes in consultation with industry.

However, MLA’s ability to continue to improve market reporting relies on the quality of information provided to it by other industry participants, such as live exporters, processors and retailers. Feedback from farmer representative groups including the VFF and Livestock SA also emphasised the need for strong stakeholder engagement and collaboration for reporting.

The ACCC understands that cattle prices across sales channels continue to be reported on an inconsistent basis in regards to weight range (and that this is due to different reporting methods throughout the supply chain). Similarly, there have been no improvements to the reporting of prices throughout the supply chain.

In regard to this, AMIC told the ACCC that the issue should be discussed between the production and processing industry, as it does not see a way to uniformly align price grids with saleyard reporting. AMIC also questioned the cost-benefit of reporting prices throughout the supply chain.

RMAC expressed support for MLA’s work in this area, but raised concerns that the public reporting of industry production data could be used by trade partners to distort international prices. The ACCC considers that global market participants are already fully informed about global cattle and beef values. Australian exporters are ‘price takers’ facing strong competition from the United States, Brazil, other parts of South America, and (in some markets) India. Consequently additional transparency in domestic markets will not impact the export prices available.
4.1.4 Additional market reporting is needed

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.

Progress: None

Key points:

- OTH prices published by MLA reflect processors' offers, not the actual prices achieved after grading.
- There has not been any expansion of data collection and reporting to cover prices paid for direct (paddock) sales, OTH sales or cattle sold to the live export market.
- MLA submitted that further improvement to reporting is constrained by its reliance on the voluntary supply of market information.
- The ACCC has considered the objections raised and sees no practical impediments to or compelling arguments against the implementation of this recommendation.
- Clear transparency benefits exist for improved price reporting.

MLA publishes weekly reports on OTH prices reported for each state, using grids supplied by major processors to derive weighted average prices on a cents per kilogram carcase weight basis. Prices are grouped by cattle type, weight range, dentition, muscle score and fat depth, allowing for comparison over time and across states.

In addition to concerns about reporting of OTH prices not being comparable to other sales channels, prices published by MLA reflect those offered by processors, not the actual prices achieved after grading. Therefore, the state-wide basis for reporting prices is unlikely to reflect the prices available to a producer in a certain location. These factors could negatively affect the ability of producers to make effective production decisions, and are compounded if they do not have a good understanding of how grids operate.

While MLA has shown enthusiasm for progressing this recommendation, it has been unable to expand data collection and reporting to cover prices paid for direct (paddock) sales, OTH sales or cattle sold to the live export market. Further improvement to the breadth of MLA's reporting remains constrained by its reliance on the voluntary supply of market information by live exporters, processors, retailers and others within the supply chain.

NSW Farmers and Livestock SA also believe that greater processor participation is required. VFF supports the recommendation due to the high proportion of sales that flow through these channels.

However, some processors continue to oppose additional market reporting on the basis that it does not offer benefits. AMIC submitted that as paddock and OTH sales are private transactions, reporting should be voluntary, de-identified and aggregated. AMIC also noted that OTH grids are provided as a guide and are subject to negotiation similar to price quotations in other industries.

RMAC has suggested there would be impracticalities involved in collecting the data, and suggested that a cost-benefit analysis be conducted.

The ACCC maintains that clear transparency benefits exist for improved price reporting, in that producers' decision making and profits from cattle sales are likely to be enhanced by the ability to easily compare prices across sales channels. This will also stimulate competition between buyers. Therefore, industry should work collaboratively to implement this recommendation.

Further, the ACCC has considered the objections raised to this recommendation and sees no practical impediments to its implementation. We note that MLA remains confident that concerns expressed
by industry about this recommendation can be satisfactorily addressed, for example, through confidentiality provisions and data aggregation.

4.2 Over the hooks transactions and grading

4.2.1 Objective carcase measurement should be prioritised

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.

**Progress: Initial steps taken**

**Key points:**
- MLA has taken steps towards implementing this recommendation.
- There is a general consensus that objective carcase measurement (OCM) technology is an industry priority.
- OCM technology will increase accuracy and transparency of value assessments.
- Appropriate auditing and verification systems will be needed.
- Some producers are likely to prefer to deal with processors that use OCM.
- The ACCC encourages the entire industry to continue working towards adoption in a consistent manner as soon as possible.

In the Final Report the ACCC noted that OCM technology would increase accuracy and transparency of value assessments. Appropriate auditing and verification systems will be needed to support the technology.21

The ACCC welcomes the moves made by MLA to introduce OCM technology throughout the industry. On 10 November 2016, MLA put forward a plan to install dual energy x-ray absorptiometry (DEXA) OCM technology across the Australian meat industry. An Objective Measurement Adoption and Commercialisation (OMAC) Committee is currently considering the proposal, including a socialised funding model.

MLA submitted that the total project value is currently estimated at $134–174 million. MLA submitted that in the second quarter of this year, it will have furnished OMAC with all of the information it has required to agree on the funding model/s to be put to the industry’s peak councils and how the data will be collected and used.

MLA submitted it is investing up to $24 million to co-fund the installation of DEXA OCM systems with willing red meat processing plants. These DEXA installations are funded via matching contributions from participating processors and MLA Donor Company. By June 2017, project submissions were received from four leading processors.

Teys Australia will have the first commercialised beef DEXA machine in Australia. Teys submitted it is actively involved in the research and development effort into OCM, continues to develop its value based marketing strategy, and is expanding its capacity to assist producers with understanding what the objective information means.

Teys advised that installation of the first full side DEXA had been completed in its Rockhampton facility, and would be handed over to Teys at the end of February for validation trials. An alternative technology for yield prediction will be tested at the same time. Teys has also hosted a project involving the validation of two different types of carcase quality grading cameras at its Wagga Wagga plant. The project is partially government funded, so learnings will be disseminated.

21 Senate Standing Committee on Rural and Regional Affairs and Transport, *Effect of market consolidation on the red meat processing sector*, Parliament of Australia, Canberra, 2017, recommendation 3 was: ‘that the Department of Agriculture and Water Resources conduct a review into the operations and capability of AUS-MEAT to determine whether it is the most appropriate body to oversee the installation, inspection, calibration, replacement and quality assurance auditing processes of the new DEXA technology.’
MLA submitted that its solution does not rely on a single technology or provider, and that it continues to work on a range of other OCM technologies. NSW Farmers and ALPA expressed support for MLA’s work on DEXA, although NSW Farmers noted that some processors argue they do not see a value proposition.

AMIC submitted that the processing industry is supportive of OCM where it can be shown to provide a benefit to processors and producers, but it should be funded by the beneficiaries. AMIC also submitted that it should be up to individual processors to decide whether to install the technology, and the market to decide whether to transact with them.

RMAC considers the recommendation to be in progress. RMAC submitted that OCM technology remains a core imperative of the Meat Industry Strategic Plan 2020, and that it is important to have a ‘robust dialogue and proper consideration of all issues’.

NCMC agreed that OCM is a priority for the industry, but submitted the approach must be collaborative and the current project is concerning because the best technology has not yet been settled or proven.

JBS submitted that it led the implementation of lamb robotic cutting, and that the application of the technology to beef cutting is in its early stages. JBS’s view is that OCM/DEXA is part of the technology platform to support improved cost competitiveness in processing terms through the introduction of advanced robotics.

It is understood that JBS has been experimenting with the technology at its processing plants in South Australia and Queensland22 and plans to implement the technology, as do Australian Country Choice and Nolan Meats.23

The ACCC notes that some producers are likely to prefer to deal with processors that are using OCM technology, and as such the use of OCM technology may result in a competitive advantage for processors.

The ACCC understands there is a general consensus that OCM is an industry priority. The ACCC welcomes the steps that industry participants have taken towards implementing this recommendation, and encourages the industry to continue to work towards OCM technology being adopted in a consistent manner by all processors as soon as possible.

4.2.2 **Objective carcase measurement data should be shared**

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

**Progress: None**

**Key points:**
- Data produced as a result of objective carcase grading will be of wider benefit to the industry if aggregated and shared.
- Some industry participants have suggested that the OCM taskforce will determine how the measurement data produced will be collected and used.
- The ACCC disagrees with the view that sharing data in the aggregate would create a competitive disadvantage for processors.
- A lack of transparency flowing from not sharing the data will put producers at a commercial disadvantage relative to cattle buyers.

In the Final Report the ACCC found that the data produced as a result of objective carcase grading will be of wider benefit to the industry if aggregated and shared. For example, producers would be able to measure their own performance against the rest of the industry and make any production adjustments necessary to achieve higher cattle grades and prices.

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The ACCC is not aware of any progress toward implementing this recommendation. Some industry participants have suggested that the OCM taskforce will determine how the measurement data produced will be collected and used. Livestock SA has suggested that OCM data could be incorporated into MLA’s Livestock Data Link (LDL) system.

RMAC submitted that innovation in data is a policy priority for RMAC, and a key action arising from this is for the OCM taskforce to develop ‘an up and down chain data sharing strategy within the perimeters of the law’, including a ‘clear and available set of business rules and appropriate governance structure as is the case with NLIS (National Livestock Identification System)’.

One processor suggested that it should be able to utilise the data for its own commercial benefit, rather than ‘sharing it with competitors’. While it is appropriate and desirable that processors use the data to drive improved productivity and performance, the ACCC disagrees that sharing data in the aggregate would necessarily create a competitive disadvantage for any particular processor.

On the other hand, the lack of transparency flowing from not sharing the data would reinforce information asymmetry and put producers at a commercial disadvantage relative to buyers of their cattle. NSW Farmers agrees with the ACCC’s view that de-identified, aggregated information should be available to the industry.

Further, the ACCC notes that the Senate Inquiry was concerned about lack of clarity regarding who would own and control the technology and the data that it is capable of providing, and the prospect that producers may see assets that they have made a significant financial contribution to, being controlled by processing companies.24

The ACCC considers much of the possible progress on this recommendation will be contingent on further developments in relation to industry adoption of OCM technology. However, we reinforce the importance of sharing of information for industry transparency and its impact on decision making and efficient production.

### 4.2.3 A uniform dispute resolution system should be developed

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

**Progress: Initial steps taken**

**Key points:**
- The industry lacks an adequate framework for disputes to be raised and resolved.
- A uniform, independent dispute resolution process would boost the integrity and transparency of the industry.
- Processors do not support the introduction of a formal dispute resolution process.
- Several producer representative organisations consider that this is a key recommendation for ensuring integrity in the industry.
- RMAC has commenced scoping work for the delivery of a dispute resolution system.

The ACCC considers that a uniform, independent dispute resolution process should be developed to boost the integrity and transparency of the industry.

The independent system should apply to all purchasers and sellers of cattle, including for OTH and electronic cattle sales. RMAC, AUS-MEAT and buyers should publish information about how parties can use the independent process.

The Senate Inquiry also concluded that a national dispute resolution process would be required for OCM and DEXA technology.

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Some processors did not support the introduction of a formal dispute resolution procedure. However, the ACCC believes that an independent and uniform dispute resolution system is required in addition to the systems that some processors already have.

RMAC has informed the ACCC that it has commenced scoping work for FY 2018–2019 for the delivery of a uniform dispute resolution system on a cost recovery basis. The ACCC believes that the Grain Trade Australia (GTA) dispute resolution system is a benchmark that other agricultural industries in Australia could aspire to.

RMAC has previously referred to a dispute resolution system already operated by AUS-MEAT. The ACCC does not consider that this dispute resolution system is adequate, particularly as it does not consider commercial disputes. The ACCC also notes that AUS-MEAT appears to be actively discouraging producers from using this system, by stating on its website that it does not operate any dispute resolution system. The ACCC has also received anecdotal complaints from producers to this effect.

The VFF and Livestock SA believe that this is a key recommendation for ensuring integrity in the industry. NSW Farmers submitted that it does not believe RMAC is the most appropriate body to undertake a dispute resolution function, and suggested development of a service should be coordinated with other industries including the dairy industry.

4.2.4 Carcase grading audits should be strengthened

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.

**Progress: None**

**Key points:**

- Improving the delivery of information about the grading and auditing system will improve industry transparency.
- Increasing the number of procedural reviews at which grading results and standard trim measurements are audited will increase confidence in the system.
- Publication of audit results will allow producers to make informed choices about which processor they use.
- AUS-MEAT does not support part (b) or (c) of the recommendation. However, some producer representative groups are supportive.

There is a comprehensive training system for carcase graders and some random auditing of grading results (‘procedural’ audits). However, there seems to be a degree of scepticism in the industry about this process due to there being no transparency around the auditing process or results. We understand that there has been no progress in regard to implementing parts (a), (b) or (c) of this recommendation.

AUS-MEAT has advised that the Australian Meat Industry Language and Standards Committee does not support part (b) of the recommendation based on unjustified additional cost, and that it has rejected part (c) based on privacy considerations.

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AMIC has submitted that MLA should take the lead on part (a) of the recommendation, but MLA and NSW Farmers submitted that it is best addressed by AUS-MEAT and processing industry representatives.

Improving the delivery of information about the grading and auditing and language systems will help to decrease the level of misunderstanding in the industry and improve transparency. This information should be made easily and clearly accessible on AUS-MEAT and processors’ websites. RMAC expressed support for workshops conducted and information made available by AUS-MEAT in 2017, but said that these activities should not be made ‘mandatory’ because not all manufacturers are AUS-MEAT participants.

Increasing the number of procedural reviews at which grading results and standard trim measurements are audited will increase confidence in the system for producers and further reduce any risk of conflicts of interest occurring, while publication of audit results will allow producers to make informed choices about which processor they use. The VFF agrees that it is particularly important for producer confidence in the system that audit processes are understood, audits are random and results are published.

4.2.5 Carcase feedback and producer education should be clearer

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.

Progress: Some

Key points:

- Better industry understanding of carcase grading feedback will reduce disputes and encourage producers to focus on ensuring that cattle meet market requirements.
- The Cattle Council has advised the ACCC that it is organising a series of webinars to deliver extension around interpretation of grids and carcase feedback during 2018.
- The ACCC also understands that uptake of the MLA’s Livestock Data Link (LDL) program by processors has been increasing.
- The ACCC welcomes the steps taken by industry toward implementing this recommendation.

Better understanding of carcase grading feedback will reduce disputes and encourage producers to focus on improving their operations to ensure that their cattle meet market requirements. Buyers and agents should ensure, if feedback sheets contain acronyms and processor-specific terminology, that these are explained in attached documentation.

As stated above, in March 2017 Beef Central held a webinar to educate producers on factors that they need to be mindful of when assessing carcase feedback and price grids. This was a positive start toward implementing this recommendation.

The Cattle Council has advised the ACCC that it is organising a series of webinars to deliver extension around interpretation of grids and carcase feedback during 2018. The Cattle Council advised that if the webinars are effective, they will form part of its ongoing extension strategy to producers. The webinars will be delivered by Cattle Council members from a variety of production systems and locations, providing insight into grid and carcase feedback interpretation, and how to utilise this information to make informed business decisions.
The ACCC also understands that MLA’s Livestock Data Link (LDL) program, introduced in 2012, is being used at varying levels of capability by 25 different processors across multiple sites Australia wide. LDL is an online application that enables feedback to be received, analysed and compared to other results. MLA also provides a range of information services to assist producers to interpret carcase grading and feedback.

NSW Farmers supports the enhancement of LDL, as well as webinars and face to face engagement with producers to help them increase their knowledge of carcase feedback. VFF emphasised the importance of reducing the complexity of price grids in order for this recommendation to be effective.

AMIC suggested that Meat Standards Australia (MSA) is a ‘ready-made and industry-owned system in place for receiving detailed performance feedback’. RMAC agreed with AMIC that MSA is a likely avenue where data sharing already occurs and could be enhanced.

RMAC suggested that this recommendation would be addressed by a data sharing strategy that industry was committed to achieving independent of the market study, with reference to the activities of the Cattle Council and to MSA.

The ACCC welcomes the steps taken by industry toward implementing this recommendation. We encourage supply chain participants to continue to increase their communication and education activities about grading feedback, as well as ensuring that it is clear.

### 4.3 Saleyards

In the Final Report, the ACCC identified that a shift was occurring toward fewer and larger saleyards. Newer saleyards tend to have a larger capacity, may offer lower costs due to efficiencies of scale, offer better animal welfare outcomes, and may be safer and more comfortable for those working at or attending the sale. These design features are valued by both buyers and sellers.

While the closure of smaller, local saleyards can be difficult for the affected communities, consolidation to larger yards should improve competition. For example, they may attract a greater number of buyers and reduce the incentives for overlapping orders and conflicts of interest. A greater number of buyers in attendance may make coordinated or anti-competitive conduct more difficult.

There have been several openings and closures of saleyards in the last 12 months including:

- In January 2018 the Western Victoria Livestock Exchange (WVLX) opened at Mortlake. The saleyard expects an annual throughput of more than 200 000 cattle. The opening has triggered speculation that other south-west Victorian saleyards including the nearby Warrnambool saleyards will be forced to close as a result.²⁶
- The Goulburn saleyard closed in April 2017, following the opening of the South Eastern Livestock Exchange (SELX) in Yass in August 2016. Brendan Abbey, the director of the SELX, claims that during the first 12 months of the SELX three of the ‘five or six council yards’ in the area (including the Goulburn saleyard) closed.²⁷
- In May 2017 the Longreach saleyards were added to AAM Investment Group’s Queensland operations with the signing of a 30 year lease. Prior to this a cattle sale had not been held at Longreach since May 2014.²⁸
- A number of saleyards in Victoria, NSW and WA closed and reopened in 2016–2018. Several of these reopened under new ownership.²⁹

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²⁹ The ACCC understands saleyards were closed and reopened in Geelong (Vic), Nabaic (NSW), Taree (NSW) and Esperance (WA).
There does not appear to have been significant changes to pre and post-sale weighing practices in the last 12 months. Although the VFF has publicly advocated for pre-sale weighing, in September 2017 the Swan Hill saleyards in Victoria upgraded facilities to include a post-sale weighing system, and the new WVLX saleyard only has facilities for post-sale weighing. The Senate Inquiry recommendations included a study into pre and post-sale weighing (recommendation 1) in order to provide the southern industry with an evidence-base on which to consider selling methods at saleyards.\(^\text{30}\)

### 4.3.1 A saleyard buyer register should be developed

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

**Progress:** None

**Key points:**
- ALPA should work with its members to have this requirement incorporated into auction terms and conditions at saleyards, in order to increase transparency.
- The ACCC understands that this recommendation is supported in principle by VFF, NSW Farmers and the Australian Livestock Saleyards Association (ALSA), but is not supported by RMAC or their member group of councils, nor by the Australian Livestock and Property Agents Association (ALPA) or the Australian Livestock Markets Association (ALMA).
- The ACCC acknowledges that there are complications involved in progressing this recommendation due to the need for amendments to state-based legislation.

While livestock agents and saleyard operators keep records of the purchaser of each pen of livestock auctioned, if the bidding is conducted by a commission agent then the identity of the actual purchaser may be known only to the bidder and the agent. This creates transparency problems for producers wishing to sell, as they cannot accurately determine the level of competition for their stock without knowing how many potential purchasers for their cattle are being represented by the same buyer.

Furthermore, a lack of easily auditable records of who bid on behalf of which principals makes it difficult to assess the impact of these buying practices on saleyard competition.

In contrast, in other industries where sales are based on auction formats, such as wool and real estate auctions, buyers (in some jurisdictions) are not permitted to bid unless they register with the selling agent. In addition to identifying themselves for a bidders record, those who are bidding on behalf of another person or a company may need to show the auctioneer a letter authorising them to do so.

The ACCC considers that a buyers register should be publicly posted prior to the commencement of the auction to provide transparency and reduce the risk of conflicts of interest occurring. This record should continue to be publicly available on the saleyard website following the auction. This register should include details of commission buyers and livestock agents intending to bid at the sale and the principals that they will be acting for.

ALPA should work with its members to have this requirement incorporated into auction terms and conditions at saleyards.

The ACCC understands that this recommendation is not supported by RMAC or their member group of councils\(^\text{31}\), nor by ALPA or ALMA.

Despite this, VFF supports the recommendation, as does NSW Farmers, while acknowledging the complications in progressing it. The Australian Livestock Saleyards Association (ALSA) also supports the recommendation in principal. ALSA suggested the ACCC consider: the potential impact on buyer involvement at saleyards, questioned how commission buyers would be registered, and suggested logistics would need to be considered in order to avoid any pre-sale impacts.

\(^\text{30}\) Senate Standing Committee on Rural and Regional Affairs and Transport, *Effect of market consolidation on the red meat processing sector,* Parliament of Australia, Canberra, 2017.

The ACCC considers that any drop in buyer attendance, and consequently price at sales following the introduction of a buyers register, would attract more buyers in following weeks, and hence be only a very short term consequence.

The legislation required to implement this recommendation operates at a State Government level. The ACCC will therefore engage with relevant governments and discuss this matter with the AGMIN forum to advocate for the implementation of this recommendation.

4.3.2 More detailed reporting of saleyard purchases

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

**Progress: None**

**Key points:**
- There has been no progress towards this recommendation.
- Several stakeholders suggested that MLA could take action to access and report on the relevant information.
- ALPA should collaborate with MLA to make the necessary information available for the saleyards on which MLA already reports price data.

Implementation of this recommendation will increase transparency at the saleyards and reduce the likelihood of conflicts of interest occurring. It will also allow principals and producers to make informed decisions about the commission buyers or saleyards that they use for cattle transactions.

The ACCC understands there has been no progress toward this recommendation.

RMAC submitted that direction should be provided by levy payers for MLA to progress this recommendation if cost-benefit and willingness of market participants exist. RMAC has recommended a feasibility study to see whether there is a cost-benefit to increased reporting, and suggested there is a ‘broad suite of initial impracticalities’, although these were not specified.

ALPA has suggested that agents and saleyard operators are likely to already have all of the information required, and MLA should negotiate with them to receive the information. AMIC suggested that the identity of buyers is already publicly available because it is announced at the fall of the hammer, and MLA could collect this information.

VFF has expressed support for greater depth in reporting at saleyards in order to get greater transparency about the integrity of the market. Further, concerns were commonly raised by producers during initial consultation regarding the lack of transparency around market participants at saleyards.

The ACCC considers that ALPA, along with ALSA and ALMA, should collaborate with MLA to make the necessary information, including the identity of buyers, and the proportion of stock purchased by each buyer, available for the saleyards on which MLA already reports price data.
4.3.3  Terms of sales at auctions should be displayed

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

**Progress: Good**

**Key points:**
- The ACCC understands that this is already a broad practice which is supported by RMAC and ALPA.

This will ensure all auction participants are aware of their rights and obligations, and encourage compliance with competition laws.

This should include a notice about the penalties for collusive practices under the CCA, in addition to any notices required by state and territory legislation. Since the Interim Report was released, ALPA has included this in its updated terms and conditions. Some saleyards and agents are also demonstrating industry leadership by doing this.

The ACCC understands that this is already a broad practice, and that RMAC supports its continuation.

ALPA advised it has national terms and conditions, the ALPA Livestock Auction Terms and Conditions of Sale and that it strongly recommends to all members that these terms and conditions be prominently displayed at all sale venues.

4.4 Licensing and implementation

4.4.1 Livestock agent licensing should be consistent across states and territories

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

**Progress: Attempted**

**Key points:**
- This recommendation is supported by key industry players.
- This idea was unsuccessfully attempted a number of years ago by the National Occupational Licensing Authority, under the direction of the Council of Australian Governments.

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

The ACCC understands that this recommendation is supported by RMAC, its member representatives, and ALPA. Following the release of the Final Report, RMAC said:

> RMAC has written to the Australian Council of Agricultural Ministers (AGMIN) asking them to consider the policy reform priorities as outlined in recommendation 14.

However, there has been no progress toward implementing the recommendation. The ACCC understands that such an idea was unsuccessfully attempted a number of years ago by the National Occupational Licensing Authority, under the direction of the Council of Australian Governments.

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The ACCC notes that recommendation 2 of the Senate Inquiry was, ‘that the Australian Livestock and Property Agents Association (ALPA) lead the development of industry Standards of Practice that cover all commercial transactions in relation to livestock’.\(^{33}\)

The legislation required to implement this recommendation also falls within the jurisdiction of state governments. Accordingly, the ACCC will also engage with relevant governments and discuss this matter with the AGM forum to encourage the implementation of this recommendation.

**4.4.2 Role of the Red Meat Advisory Council**

**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.

The ACCC originally made this recommendation to facilitate progress on the other recommendations, given the industry’s diverse interests and the collaborative approach that was required.

The ACCC understood that RMAC does not have legal authority to mandate implementation of the ACCC’s recommendations by industry participants. However, we considered that RMAC is the only organisation that regularly holds discussions with a wide range of cattle and beef industry participants and advocates on behalf of members with policy-makers. Accordingly, we saw RMAC as being uniquely placed to facilitate discussions about implementing the ACCC’s recommendations and to report on progress to relevant Ministers.

We also stated that RMAC should prepare an annual report to the Australian state, territory and federal Agriculture Ministers detailing progress in implementing these recommendations and any reasons for a lack of progress.

However, RMAC has indicated that the implementation of the recommendations does not fall within its role.

In August 2017 RMAC published a response to the ACCC’s Final Report, which stated:

> 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.\(^{34}\)

On 28 February 2018, in a submission to the ACCC which RMAC later published, RMAC stated that 12 of the ACCC’s 15 recommendations are ‘in progress’. As discussed throughout this report, the ACCC disagrees with RMAC’s assessment of several of the recommendations. Furthermore, RMAC’s description of the recommendations as ‘competition policy reforms’ mischaracterises the recommendations and therefore the ACCC’s view on RMAC’s potential role in driving them forward.

RMAC also continued to suggest that the implementation of the recommendations does not fall within its role, stating:

> In line with their leadership role, RMAC agreed to provide updates to the ACCC in relation to industry activity on the Study and continue to engage with the Agricultural Unit. RMAC will not however ‘monitor’ or ‘oversee’ this process.\(^{35}\)

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Similarly, NSW Farmers submitted that it does not agree that RMAC should be responsible for implementing the recommendations, and rather, that industry bodies should work together to progress recommendations relevant to their sector. The VFF suggested that individual bodies be responsible for each recommendation.

The ACCC believed that RMAC, along with other industry representative bodies, would wish to drive the recommendation forward in the interests of seeing a more efficient and competitive industry. Instead, we have been surprised by the lack of engagement. We do not believe that RMAC should be tasked with a voluntary process for which they have no enthusiasm.

More broadly, we continue to see benefits to the industry in implementing the recommendations. It of course remains open for processors and industry organisations to take steps to make the improvements to the cattle and beef industry as recommended in the Final Report. As discussed above, in light of the absence of industry leadership to date, the ACCC will engage with governments through the AGMIN forum, to advocate for the implementation of these important improvements to the cattle and beef industry.
Appendix A

Contributions to the Update Report

The ACCC consulted with a range of stakeholders in the preparation of this Update Report.

The following organisations provided feedback and input to this Update Report:

- AgForce Queensland
- Australian Livestock & Property Agents Association (ALPA)
- Australian Meat Industry Council (AMIC)
- Australian Livestock Saleyards Association (ALSA)
- Australian Lot Feeders’ Association (ALFA)
- AUS-MEAT Limited (AUS-MEAT)
- Cattle Council of Australia (CCA)
- JBS Australia
- Livestock SA
- Meat and Livestock Australia (MLA)
- National Farmers Federation (NFF)
- Northern Co-operative Meat Company Ltd (NCMC)
- NSW Farmers Association (NSW Farmers)
- Red Meat Advisory Council Ltd (RMAC)
- Sheep Producers Australia
- Teys Australia
- Victorian Farmers Federation (VFF)

We also contacted the following organisations but did not receive a substantive response:

- AACo
- Australian Country Choice
- Australian Livestock Markets Association
- Australian Meat Processor Corporation
- Bindaree Beef
- NH Foods
- Tasmanian Farmers and Graziers Association (TFGA)
- Thomas Foods International (TFI)
- WA Farmers

We note that on 3 January 2018 a fire at Thomas Foods International (TFI)'s Murray Bridge abattoir destroyed the plant’s cattle processing facilities. The abattoir was TFI’s largest abattoir, employing 1400 staff. TFI has advised the ACCC it will not be able to process cattle for a couple of years while the plant is rebuilt. TFI were unable to participate in the market study review process due to the impacts of the fire on its business.