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11 January 2006

Ms. Bronwyn Davis and Ms. Sheridan De Kruiff
Adjudication Branch
ACCC
PO Box 1199
DICKSON, ACT 2602

Dear Bronwyn and Sheridan,

Re: Kashrut Authority Notification

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PUBLIC REGISTER**

I refer to the telephone discussions on Monday and Tuesday 9 and 10 January 2006 with Sheridan De Kruiff.

The ACCC has requested further information from the Kashrut Authority (KA) about how the charge for slaughtering operates and whether the charge for slaughtering will be reduced in the hands of the butchers.

Ms De Kruiff further clarified the question to suggest that if somebody else enters the market there is likely to be more meat purchased and therefore more demand for slaughtering and slaughter men and therefore higher training and therefore higher slaughtering costs and therefore higher unit price for slaughtered meat.

We are instructed that this theory does not apply to the KA because its slaughtering charges are **fixed costs and the existing charges already provide for significant increased capacity.** Those costs will **not** increase with the additional butcher, , entering the market.

We are instructed as follows:

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1. The KA in return for the fixed fees provides all of the ritual-slaughtering services at the abattoirs.
2. The KA employs the ritual slaughter men and the ritual supervisors.
3. The cost to the KA for the ritual slaughtering and ritual supervision of slaughtering is approximately \$300,000.00 per annum. This pays for the full employment of the ritual slaughter men, supervisors and their associated costs

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5. The ritual slaughter men are paid a full time salary as highly skilled labour and are available on call to work a full week. They are currently working at well below capacity. Without any increase in costs, and only a marginal increase in hours, the KA could easily double the kill.
6. When there were three butchers working in Sydney, the flat fee was divided proportionately among the three butchers.
7. We are instructed that as Melbourne imports were introduced to Sydney, two of the butchers closed down and the sole remaining butcher had to bear that entire fixed cost of the ritual slaughter and ritual supervision -- despite a significant drop in numbers locally killed.
8. We are advised that the other butchers closed down largely due to the competition from Melbourne meats. As submitted earlier it would be of considerable detriment to the community if the last remaining butcher were to close.
9. To repeat, when there were two butchers working in New South Wales the flat fee was spread proportionately between those butchers.

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11. Coming to your point therefore, when the new butcher, [] enters the market, the slaughtering fee will be split proportionately between [] Kosher Meat Company, and Hadassa at Eilat Butcher.

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12. Assuming [] are slaughtered per week at the moment and assuming another [] are slaughtered for [] upon their entry into the markets, then [] would pay 44% and Hadassa would pay 56% of the slaughter costs. It is expected that volumes will so increase as [] is expected to be able to successfully compete with the Melbourne imports in the supermarkets (as did M&M). All this will lead ultimately to a per unit decrease in costs for the butchers.

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13. In short – the more meat slaughtered locally translates into lower per unit costs and lower prices for the local consumer. The more meat imported from out of NSW means a decrease in local production and an increase in per unit costs with the associated detriment and increase in cost for the local consumer wishing to buy from the local manufacturers. As stated in earlier submissions, not being able to have a local butcher would be of considerable detriment to the community.
14. As such the KA policy, as well as being of religious benefit, is also of significant economic benefit to the consumer wishing to buy from the local butchers.

Could you please contact this writer as soon as possible if you have any further queries on this matter.

Yours sincerely,

Michael Frankel
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