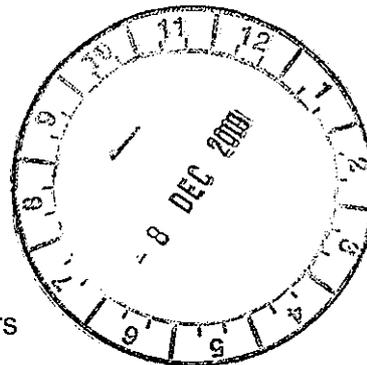




**Minister for Agriculture and Food; Forestry;
Minister Assisting the Minister for Education**

Ref: 39-05790

Hon Brian Ellis MLC
Chair
Standing Committee on Environment and Public Affairs
Parliament House
PERTH WA 6000



Dear Chairman

**PETITON NUMBER 13 - SHORTAGE OF ABATTOIR CAPACITY AND
LIVESTOCK PRICES IN WESTERN AUSTRALIA (WA)**

Thank you for your letter dated 12 November 2009 regarding the beef abattoir capacity and livestock prices in WA.

The Beef Stocktake Report (the Report), objectively reviewed the beef supply chain in WA and made recommendations to improve its competitiveness. On 12 October 2009, I released the Beef Stocktake Report recommendations for public comment, which closed on 20 November 2009.

According to this Report, there is no shortage of abattoir capacity in WA, as current utilisation falls short by about 100,000 head per annum.

The lower prices received by southern livestock producers compared to their eastern counterparts may be attributed to several factors. These include:

- (i) the industry's relatively small size compared to those in the eastern states;
- (ii) its heavy reliance on the domestic market;
- (iii) the smaller-sized cattle supplied to processors;
- (iv) the lack of a sizable feedlotting sector and forward contracts;
- (v) inefficiencies within the processing sector and competition from more efficient interstate processors (that commonly operate multiple shifts in larger facilities);
- (vi) the lack of competition in the WA retail sector; and
- (vii) the traditional oversupply of cattle in spring and autumn/winter shortages.

The resolution of these will require a coordinated, collaborative approach across the whole supply chain and the Report proposes a number of actions to address this situation. These include:

- (i) the development of branded product for particular export markets;
- (ii) increased export orientation and penetration by the processing sector;
- (iii) restructuring and business improvement of the processing sector to create efficiencies; and
- (iv) creation of a peak industry body to lead the implementation of the Report's recommendations. The Government's role will be to provide a suitable operating environment.

I do not support the call for an inquiry into the State's abattoir capacity and beef prices being paid to producers given the recently completed Beef Stocktake assessed this issue and did so with the support of the broader beef industry. Further, I consider the Report's recommendations will effectively address both of these issues. I recognise that the implementation timeframe will be critical to address these issues and I consider that any inquiry would only serve to delay the implementation of those recommendations.

Furthermore, the Livestock Industries Development Plan 2009-2012, developed by the Department of Agriculture and Food (the Department), while different in scope to the Beef Stocktake Report, also addresses issues in the beef processing sector. The Department has been engaging in ongoing industry consultation to ensure industry continues to provide input into the Department's livestock work programs to ensure industries' needs are met.

I would also make the point that the decline in sheep and lamb numbers (referred to in the submission) is more a result of low wool prices than a reflection of sheep meat prices.

I trust that this information is of assistance to the Standing Committee.

Yours sincerely



Terry Redman MLA
MINISTER FOR AGRICULTURE AND FOOD

04 DEC 2009