

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

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JOINT COMMITTEE ON PRICES

Report on
Stabilisation of Meat Prices

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JOINT COMMITTEE ON PRICES

The Committee was appointed by resolution of the House of Representatives and the Senate on 12 April 1973 to inquire into and, as appropriate, report upon:

- (a) complaints arising from prices charged by private industry and by the public sector;
- (b) movements in prices of goods and services in particular fields or sections of private industry and the public sector, for example, as measured by price indices; and
- (c) such other matters relating to prices as may be referred to the committee by resolution of either House of the Parliament.

The House of Representatives resolved on 3 May 1973 that the stabilisation of meat prices be referred to the Committee.

On 10 May 1973 the Committee resolved that two sub-committees be formed to be known as Sub-committee 'A' and Sub-committee 'B' and that the Meat Price Inquiry be conducted by Sub-committee 'B'.

PERSONNEL OF THE COMMITTEE

Chairman	Mr. C. J. Hurford, M.P.
Deputy Chairman	Rt Hon. J. G. Gorton, C.H., M.P.
Members	Senator A. T. Gietzelt
	Senator M. G. C. Guilfoyle
	Senator J. O'Byrne
	Senator E. W. Prowse
	Hon. R. V. Garland, M.P.
	Hon. P. J. Nixon, M.P.
	Mr. J. M. Riordan, M.P.
	Mr. R. B. Whan, M.P.
	Mr. R. Willis, M.P.
Clerk to the Committee	Mr. M. E. Aldons

Sub-committee 'B'

Chairman	Senator A. T. Gietzelt
Deputy Chairman	Hon. P. J. Nixon, M.P.
Members	Hon. R. V. Garland, M.P.
	Mr. J. M. Riordan, M.P.
	Mr. R. B. Whan, M.P.
Clerk to the Sub-committee	Mr. C. S. Boorman

The Adviser of the Committee was Dr A. S. Watson, Senior Research Fellow in Agricultural Economics, University of Melbourne.

RECOMMENDATIONS

The major recommendations of the Committee are that:

- (i) As the principal means of stabilising domestic meat prices steps be taken to introduce a special flexible tax on beef exports; proceeds from this tax to be refunded to beef livestock producers with some of the proceeds set aside to establish a capital fund which should be used to improve technology in the meat industry and promote the industry;
(paragraph 66)
- (ii) in the meantime, the meat industry be requested to voluntarily restrict beef exports;
(paragraph 67)
- (iii) if the United States of America livestock producers continue to withhold stock from the U.S. domestic market, immediate action be taken to impose quotas on Australian beef exports to the U.S.A.;
(paragraph 47)
- (iv) special steps be taken to encourage the expansion of production of the white meat industry by promotion and assurance of supplies of stock feed;
(paragraph 72)
- (v) the Australian Meat Board be restructured to include representatives of consumers, employees and retailers and be charged with looking after the interests of the meat industry as a whole;
(paragraph 79)
- (vi) early consideration be given to the establishment of a Government-sponsored and financed consumer organisation;
(paragraph 80)
- (vii) the Australian Meat Board collect information all sales under forward contract.
(paragraph 83)

REPORT ON STABILISATION OF MEAT PRICES

1. INTRODUCTION

Background

1. Following an 8.6 percent increase in the retail price of meat in the March quarter 1973 as measured by the Consumer Price Index, the Australian Government requested the Australian Meat Board on 16 April 1973 to submit to the Minister for Primary Industry a plan to stabilise the domestic price of meat. The Meat Board submitted its report to the Minister on 26 April 1973.

2. In its report the Meat Board examined and rejected several schemes for stabilising meat prices. It concluded that stabilisation schemes would remove the incentive to increase production, adversely affect livestock producers, proprietors and those employed in the industry, damage export markets and consequently the Australian economy.

Terms of reference

3. The House of Representatives resolved on 3 May 1973 that the following matter be referred to the Joint Committee on Prices:

Stabilisation of meat prices, with particular reference to the report of the Australian Meat Board on this subject.

Public hearings

4. Public hearings were held over eight days in Canberra, from 19 to 22 June 1973 and from 23 to 26 July 1973. Appendix 1 to this report shows the list of witnesses who gave evidence and the list of other organisations whose submissions were incorporated in the transcript of evidence. Evidence given at the public hearings is available in *Hansard* form for purchase from Australian Government Publishing Service bookshops and is available for inspection at the Committee Office of the House of Representatives and at the National Library.

2. MAIN FEATURES OF THE MEAT INDUSTRY

5. Australian livestock are produced in all Australian States and Territories under widely differing environmental and climatic conditions. The world market has an important influence on beef and mutton production and prices. Lamb is produced mainly for the domestic market and it is mainly in the spring flush that lamb is exported.

6. The sheep meat industry is a diversified farming operation. Production of mutton is combined with wool, fat lamb production and cereal cropping. The availability of mutton and lamb is therefore influenced by the price of wool and cereal products, particularly wheat.

7. Beef production is often combined with cropping, dairying and sheep. The consistent high prices for beef on overseas markets and the low prices for wool and lamb to mid-1972 have led to greater concentration on beef production.

8. Meat production differs from that of wool and wheat in important ways. Unlike wool and wheat, meat production is continuous rather than annual. Depending on seasonal conditions and price expectations meat producers have the choice of either marketing their product or, if capacity is available, of carrying livestock on to higher weights. But once the beast has been processed the meat passes through the distribution network to reach the consumer as quickly as possible. This is because, unlike wool and wheat, meat is a perishable product.

9. The system of marketing and distributing meat is very complex. Livestock auction sales are the most common form of selling stock, with well over 50 percent being sold by this method. Other methods are contract consignments to meat-works/abattoirs and sales on the property. The producer himself or a cattle dealer could present the beast to the slaughter house. The persons bidding for or obtaining stock for slaughtering could be the wholesaler, the meat processor, the meat exporter or retail butcher. These functions may be performed by specialist operators or by people who assume all or some of these activities. There are two main types of retail outlets, namely supermarkets, which cut and pack away from the retail point and butcher shops (6,000 in New South Wales and Victoria alone) where preparation is performed on the premises.

10. There is no effective grading system of meat in Australia except for the informal system that operates between retail butchers and their customers. There are various classes of meat such as beef, mutton, lamb, pork, etc. and within each class there are numerous cuts, e.g. fillet, chops, legs, etc. But each cut can be of different quality depending on the age of the beast, the area in which it was produced and whether the beast was grazed or hand fed. Quality is further influenced by the degree of fat, appearance, smell and tenderness. The Australian Meat Board in association with other organisations is currently undertaking classification trials but it will be some time before an efficient grading system can be devised.

11. The demand for different qualities of Australian beef differs between countries. The domestic market consumes mainly prime quality meat. The United States of America imports mainly low quality beef. Japan imports prime beef and mutton.

3. ANALYSIS OF MEAT PRICE MOVEMENTS

Recent increases in retail prices

12. The table at Appendix 2 shows consumer price index numbers for the period December quarter 1966 to June quarter 1973 for the meat sub-group. These index numbers are graphically presented at Appendix 3.

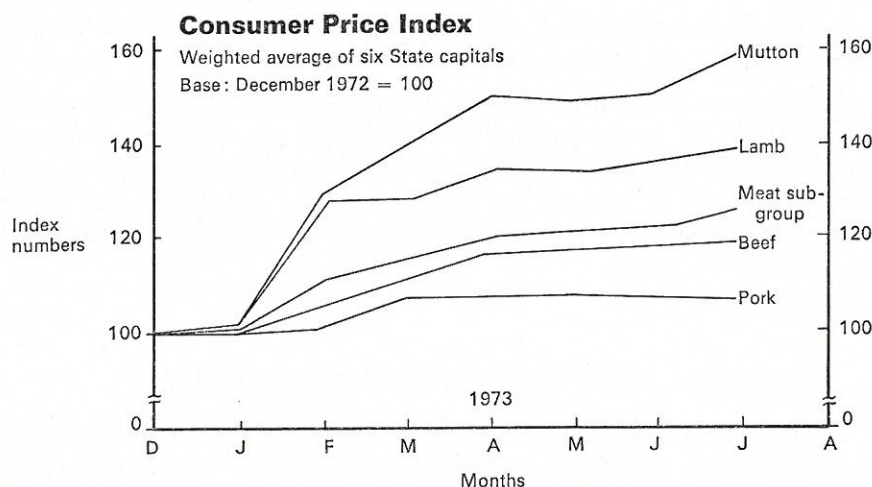
13. Between 1966-67 and December 1972 meat prices in general and beef prices in particular increased steadily, the latter at a slightly faster rate. Mutton and lamb prices, apart from seasonal influences remained static between 1966-67 and June 1972 and increased in the September and December quarters of 1972. Pork prices maintained a steady but low increase to December 1972. The subsequent increases that occurred in 1973 are shown in the following table:

INCREASES IN MEAT PRICES IN THE MARCH AND JUNE QUARTERS 1973 AS MEASURED BY THE CONSUMER PRICE INDEX

	March quarter 1973 percent	June quarter 1973 percent
Meat sub-group	8.6	11.0
Beef	6.2	9.3
Mutton	23.0	20.8
Lamb	15.7	12.9
Pork	3.6	4.4

Source: Bureau of Census and Statistics.

14. Monthly index numbers are available for meat and these show in clearer perspective the sharp increases in prices which occurred in the first seven months of 1973. The monthly figures are shown in Appendix 4 and are illustrated in the following graph:



Source: Bureau of Census and Statistics

15. All meats increased in price between January and April 1973. There was a general levelling off in price in May and June 1973 but increases were again recorded in July.

16. More recent retail price information collected for Sydney, by the New South Wales Department of Agriculture, shows that between mid-July and 17 August 1973 there were price increases for most cuts of meat ranging from 3 cents to 10 cents a pound. This is shown in the tables at Appendix 5.

17. Between December 1972 and July 1973 meat prices, as measured by the meat sub-group of the consumer price index increased by 24.3 percent. As shown in the graph above, all types of meat contributed to the increase.

18. However, the contribution made by each type of meat to the overall increase depends on the relative importance of the various meat types in the weighting

pattern of the consumer price index, as well as on the price increase. Of the 24.3 percent increase in meat prices from December 1972 to July 1973, beef accounted for almost one-third of the increase, and mutton and lamb each contributed over one-quarter of the increase.

19. The Committee notes that the consumer price index is a chain of 'linked' indexes. Consumption weights remain unchanged between 'links' which occur at approximately five yearly intervals. The last 'link' in the consumer price index was made in the December quarter of 1968 and introduced weights representing consumption patterns of the years 1962-63 to 1966-67. The Committee appreciates that the assumption of fixed consumption patterns for periods between 'links' is necessary for the production of a continuous series of index numbers but makes the observation that substitution of one type of meat for another because of price changes results in changes in the cost of living actually experienced by households being less than the 24.3 percent increase indicated by the consumer price index.

Export prices

20. The Australian Meat Board maintains a weekly series of price quotations for selected Australian meat exports. They are shown in Appendix 6.

21. These figures show that export price quotations generally increased from late 1972 to March 1973, reduced in April, May and June and in July again increased. From the middle of July to 17 August there has been a significant increase of 16.3 cents per pound, or 31 percent, for cow beef to the U.S.A. The next highest increase in the same period was 9.7 cents per pound for boneless ox crops to Japan.

4. REASONS FOR INCREASES IN PRICES

22. Evidence was presented by a number of witnesses which emphasised different factors as the causes of the current high meat prices. The Committee finds that the recent upsurge in prices has been due mainly to the interaction of two major factors, namely short supplies of mutton and lamb and strong overseas demand for beef and veal.

Mutton and lamb

23. There were very heavy slaughterings associated with drought and depressed wool prices which lasted until mid-1972. Sheep numbers fell from 180 million to 142 million in the three years to March 1973. The dramatic recovery of wool prices since mid-1972 coupled with extremely favourable seasonal conditions in 1973 have both encouraged and will enable farmers to build up their flocks. Mutton and lamb are therefore currently in very short supply. This is shown in Appendix 7.

24. In addition Japan has been increasing its imports of Australian mutton.

Beef and veal

25. The supply of beef and veal has been steadily increasing for some years and in 1972-73 was 22 percent higher than the previous year. Appendix 8 shows the

number of cattle and slaughtering in each State of Australia. Exports as shown in Appendix 9 were 54.6 percent of Australian production in 1971-72 and 61.7 percent in 1972-73.

26. The United States of America is Australia's most important customer for beef, particularly for lower grades. In 1972 a decrease in meat production by 2 percent in the U.S.A. and increased consumption forced meat prices to record levels. In March 1972 quotas on imported meats were suspended, allowing Australia to greatly increase exports at higher prices and in March 1973 the President announced price controls on meat operative until 12 September 1973. The Committee understands that meat producers in the U.S.A. have been withholding stocks from slaughter in the expectation that the price controls on meat would be removed in September. This is an important reason for the most recent increases (July-August) in Australian export prices and Sydney retail prices.

27. In Japan rapidly rising incomes, changes in dietary patterns and an increase in the population are factors influencing the growth in imports of Australian meat. Japanese quotas for beef imported from Australia have been increased from 22,000 tons in 1969-70 to 71,500 tons in 1972-73.

White meats

28. The growth in poultry and pig meat production is shown at Appendix 10. This increase in production has been a moderating factor in the increase in the price of poultry and pig meat.

5. OUTLOOK FOR MEAT PRICES IN THE ABSENCE OF INTERVENTION

29. The Committee finds that in the absence of intervention and apart from a seasonal fall in lamb prices in the 1973 spring flush, the upward pressures on meat prices would probably continue in the short term, up to the autumn of 1974. Evidence was given that, if the President of the United States of America removes price controls on beef and more U.S.A. beef is made available on the U.S. market imports from Australia could decline and retail meat prices in Australia could come back to the levels that existed in June 1973.

30. In the longer term the outlook for prices is even more uncertain. It will depend largely on the balance between supplies and requirements in overseas countries, seasonal conditions in Australia and the effect that the present high prices have on consumption habits.

31. The factors that will have an important bearing on meat prices in the short and longer terms are discussed in paragraphs 32 to 40.

Short term outlook

32. Any increase in the production of mutton and lamb will be from the smallest Australian sheep flock since 1956. Wool prices are expected to remain buoyant at least in the short term and as indicated in paragraph 23 farmers are building up their flocks. That sheep producers are turning back to wool production is indicated

by a 5 percent increase in intended merino matings and a decrease of 17 percent in matings to breeds other than merinos during the 1973-74 season. It thus appears that there will be a return to the normal slaughter pattern of sheep and lamb. The Meat Board estimates that production of mutton and lamb will be 551,000 tons in the twelve months to April 1974. This represents a decline of 222,000 tons or 30 percent on the previous twelve months. A surplus of lamb for the domestic market in the spring flush of 1973 (October-December) is however expected and this could temporarily reduce lamb prices. At the same time as supply is decreasing domestic and export demand is likely to grow.

33. The Meat Board estimates that in the same period beef and veal production will increase by 15 percent over the previous year's figures to 1,606,000 tons.

34. While other countries are apparently also expanding their herds overseas requirements for Australian meat could continue to increase. Australia currently enjoys unrestricted entry into the United States of America market after many years of import quotas, and re-imposition of such quotas is unlikely within the next 18 months.

35. Prices of beef exports on the United States of America market could however fall from the high levels of July and August 1973 if price controls in that country are removed in September of this year resulting in more home grown meat being available on the U.S. market.

Longer term outlook

36. In the longer term the outlook for prices is even less certain. As noted in paragraph 6, the availability of mutton and lamb is influenced by the price of products such as wool and wheat.

37. Under the stimulus of forecasts of increasing world-wide demand for meat Australian beef and veal production is expected to increase from 1,411,000 tons in 1972-73 to 2,000,000 tons by 1980. The future of the United States of America export market is uncertain in the longer term and will depend largely on the domestic supply position including seasonal conditions within that country and the reaction of farmers overseas to today's very high meat prices.

38. Japan has considerably eased its import quotas on beef over the last two years and further liberalisation can be expected in the longer term with rising incomes in that country. The position in the enlarged European Economic Community is uncertain and depends to a large extent on the agricultural policies that emerge in the region.

39. One factor that could have an adverse effect on export prospects on the American market is the substitution of synthetics for natural beef. The Bureau of Agricultural Economics said that the marketing of synthetic meat substitutes is still at a very early stage and that it was very difficult to make firm projections of the likely impact of these substitutes on future demand. Synthetics are mainly being used as partial substitutes for meat in processed meat products where they reduce costs significantly. They are expected to have their greatest impact over the next few years. The major proportion of Australian beef exports is used in the manufacture of processed meats.

40. Since the consumption of white meats is influenced by the prices of red meats, the current high prices of the latter can be expected to increase production of white meats. However increases in the cost of feed for white meat production might increase these prices as well.

6. STABILISATION OF MEAT PRICES

41. Meat prices increased by 24.3 percent in the first seven months of 1973 and the outlook without intervention is for continuing upward pressure on meat prices, at least in the short term.

42. Meat is the most important single sub-group in the consumer price index. During the first six months of 1973 the increase in meat prices accounted for 40 percent of the increase in the total index. If meat prices had remained unchanged during the first half of 1973, the rise in the consumer price index would have been 3.3 percent instead of the 5.5 percent rise which was experienced.

43. Because of the importance of meat in household expenditure rapid price increases place great burdens on persons on low incomes, persons on fixed incomes, larger families and pensioners. The alternatives for these persons are to eat less meat or switch to less expensive cuts. On the other hand the more affluent can afford to pay the high prices or buy the cheaper cuts. In this regard the poorer families are further disadvantaged as the increased demand for the cheaper cuts has forced their price up at a faster rate than the more expensive cuts.

44. The Committee therefore finds that on anti-inflationary and social grounds there are strong reasons for retail meat prices to be reduced, and considers it is required to examine and recommend ways by which they can be reduced.

45. The simplest and best solution to stabilise prices is to increase meat production but biological constraints will prevent the early attainment of this objective.

46. The Committee considered a proposal to import lamb but evidence was given that the lamb was not available. It also considered a proposal to ban the export of lamb during the 1973 spring flush but evidence indicated that such action would have a dramatic adverse effect on the lamb industry without greatly reducing the price of other meats.

Very short-term proposal

47. As indicated in paragraphs 26 and 29, if the current retail price controls on meats are not lifted and if the United States of America livestock producers continue to withhold stock from the U.S. domestic market, the demand for Australian beef is likely to be increased with a resultant further increase in Australian meat retail prices. In such an eventuality the Committee strongly *recommends immediate action to impose export controls on Australian beef exported to the U.S.A.* The quota could be related to the volume of exports in calendar year 1972. This type of action was recently taken by the Canadian Government to protect their domestic consumers.

Short-term proposals

48. The Committee finds that the only way of reducing domestic prices in the short term is to divert some exports to the domestic market. Since the Committee also finds that mutton and lamb are in short supply with little available for export, beef is the only type of meat that can be diverted. The discussion that follows is related only to beef.

49. The immediate effect of diverting supplies would be to reduce both retail prices and revenue to the industry which would be reflected in lower saleyard prices. There would, in effect, be a transfer of income from the producer to the consumer. Only a small quantity of beef would need to be diverted to have the required effect on retail prices.

50. The Australian Meat Board commented that diversion would have adverse economic effects. It concluded that the reduction in livestock prices would in turn reduce the incentive to expand production with the result that the industry would contract at a time when the best indications are that the export prospects are favourable for Australian meat.

51. The Committee examined the arguments of the Meat Board very closely since it did not wish to propose a scheme which would be counter-productive to the long-term interests of the economy and consumers. The Committee notes that the Bureau of Agricultural Economics adopted a more cautious attitude to the economic effects of such schemes and stated that aggregate returns to producers would fall and as a consequence total meat production in Australia might be lowered or not increase as fast as otherwise. The Committee is inclined to agree with this conclusion. The steady increase in meat production which has occurred over many years was based on producers' expectations made some years ago. A reduction in the price to the producer more in line with the historical trend would only mean maintaining the status quo and need not necessarily be a major disincentive to production.

52. Although there are a number of schemes that could divert supplies from the export to the domestic market, only two merit consideration, namely (a) quantitative restrictions on exports; and (b) an export tax. These schemes are discussed separately below.

(a) QUANTITATIVE RESTRICTIONS ON BEEF EXPORTS

53. One way of diverting supplies from the export to the domestic market is to require that the domestic market is fully satisfied at acceptable prices before the balance of supply is made available for export. The effect of this could be to put additional supplies on the domestic market and thereby reduce retail prices.

54. Evidence placed before Sub-committee 'B' suggests that there could be problems involved in forecasting the level of domestic supply required for this purpose. There are problems associated with forward contracts. There is also no effective grading system of meat in Australia and in its absence there would be difficulties in distinguishing meat suitable for the domestic market alone.

55. Quantitative restrictions would by limiting exports increase export prices and the Meat Board argued that exporters would benefit from higher export prices at the expense of producers. Another argument put forward by the Board was that the scheme would be inequitable between regions and exporters, for example those meat works which mainly export their production would be disadvantaged against those who mainly supply the domestic market.

56. While the Committee concedes that there is some substance in these arguments it is not convinced they preclude the introduction of quantitative restrictions on beef exports. It notes that when the United States of America imposed quotas on Australian exports the Meat Board was able to devise a successful quota scheme in 1968. In fact the Meat Board told the Committee that it had the complete co-operation of the industry on this occasion because the industry knew that if it was not prepared to co-operate the Meat Board would impose quotas on each producer.

(b) AN EXPORT TAX ON BEEF

57. Another way of diverting supplies to the local market is through the imposition of an export tax. Such a tax would reduce the relative attractiveness of the export market compared with the local market. Evidence was given to Sub-committee 'B' that an export tax does not present the same administrative difficulties as quantitative restrictions on exports but that legislative action would be required.

58. The economic effects of an export tax on the revenue of beef producers depend on economic conditions pertaining at the time of its imposition. Under more normal conditions the major burden of an export tax would fall on beef producers and exporters. However, evidence was given to Sub-committee 'B' by a number of witnesses that under present conditions a large part of the burden of the tax could be expected to be passed on to consumers overseas.

59. It is therefore possible that under current circumstances of very strong overseas demand total revenue to the Australian beef industry would be increased by the imposition of a special flexible export tax provided arrangements are made to return the proceeds of the tax to beef producers so that the incentive to maintain and expand production remains. Some of the proceeds could be set aside to establish a capital fund which could be used to improve technology in the meat industry and promote the industry.

60. The Committee is not able to establish the appropriate size of the tax that would lower domestic prices by the desired amount. As some of the tax might be passed on to the overseas importer, the evidence indicated that under present circumstances the level of the tax would probably need to be very high to achieve the desired result. The tax would need to be varied from time to time, dependent upon the supply-demand position in overseas countries, and other factors such as currency changes.

61. The revenue raised from an export tax could be substantial, e.g. a 10 cents per pound tax on beef and veal exports of 500,000 tons per year would result in revenue of about \$112 million.

62. The Committee recognises there could be difficulties in administering a refund scheme in an industry as complex as the beef industry. There is at present no machinery for this purpose. However it believes that a reasonably equitable scheme can be devised to refund the tax based at the point of slaughter.

63. An export tax or any scheme which further increases retail prices of meat in the importing countries could strength the competitive position of synthetic meat. This matter has been discussed in paragraph 39.

(c) CONCLUSION ON DIVERSION OF SUPPLIES FROM THE EXPORT TO THE DOMESTIC MARKET

64. Both the schemes considered by the Committee, namely quantitative restrictions and an export tax with the proceeds refunded to the producer, have administrative problems associated with them. Quantitative restrictions could be imposed immediately.

65. An export tax because of the refund provisions has greater merit than quantitative restrictions as it would not be as counter productive.

66. The Committee finds on balance that *a special flexible export tax on beef, with a provision that proceeds of the tax be refunded to beef livestock producers and some of the proceeds set aside to establish a capital fund to improve technology in the meat industry and promote the industry, has most merit and recommends accordingly.*

67. In the meantime the Committee *recommends that the industry restricts the amount of beef it exports.* The domestic market is the largest and most important single market to the beef producer. Poultry has made inroads into this market and annual consumption per head of population has increased from 3 to 27 pounds in the last ten years. Evidence presented to Sub-committee 'B' indicated there was scope for pork to make similar inroads. There is in addition the latent threat from synthetics. In these circumstances the Committee feels that it would be in the best long-term interests of the meat industry if it were to take voluntary action to divert export supplies to the domestic market. That a similar scheme was implemented successfully by the Meat Board with the co-operation of the industry when United States' import quotas were in existence is sufficient indication of its practicability.

Longer term proposals

68. In the longer term the outlook for prices is uncertain and the solution lies in expansion of production not only of red meats but of white meats as well.

69. The Committee does not make a recommendation on the type of organisation that might stabilise meat prices in the longer term. Consideration should therefore be given to ways and means by which price fluctuations might be ironed out to the advantage of the producer, the exporter and the consumer. In this regard the operations of the Western Australia Lamb Marketing Board, the only statutory meat marketing authority in Australia, might be closely studied over the next two years.

70. Red meats are faced with increasing competition from white meats and there is scope for the rapid expansion of the white meat industry. Pigmeat production in particular could be increased substantially by promotion. Evidence was given that the pig meat industry had requested the Australian Government to introduce a statutory levy per carcass for promotion of the industry. It is not known to the Committee if the Government has replied to these representations, but the Committee sees merit in the proposal being given favourable consideration.

71. A factor that is adversely affecting expansion of the white meat industry is a shortage of and the high price of grains and protein meal. Evidence was given of the need to assure supplies of grain to the industry. It was suggested that poorer quality grains or new strains that might be unsuitable for human consumption might be made available to the stock feed industry, at a lower price. It was further suggested that such a scheme might be administered by the Australian Wheat Board by the establishment of a separate pool for stock feeds.

72. *The Committee recommends that as a means of furthering competition between red and white meats, special steps be taken to promote the white meat industry and assure it supplies of stock feed.*

7. ASSOCIATED MAJOR ISSUES

73. During the course of the inquiry a number of important issues which do not directly relate to the central issue of stabilisation of meat prices came to the attention of the Committee.

Export incentive scheme

74. The Australian Government has provided taxation concessions as financial incentives to export. The incentives were in two parts, namely, an export incentive grant scheme and a market development allowance scheme. The schemes applied to all manufactured products and raw materials.

75. The Department of Overseas Trade has estimated that in 1972-73 the schemes provided \$5.5 million to \$7.5 million to the meat export trade. The Department stated in its evidence that there was no obstacle to removing meat from the operation of the incentive scheme.

76. The Committee considers it is quite incongruous that the meat industry should receive incentives to increase exports at a time when the evidence shows that such exports are one of the main causes for the upsurge in domestic retail meat prices. The Committee therefore supports the Government's intention to abolish the export incentive scheme in respect of meat.

Restructuring of the Australian Meat Board

77. The Australian Meat Board co-operated fully with Sub-committee 'B' in its conduct of the inquiry.

78. Nevertheless the Committee is bound to give its view that it considers there is a case for the restructuring of the Australian Meat Board. The functions of the

Meat Board are directed mainly to export and the thriving export trade that has been developed is a testimony to its effectiveness. The evidence however shows that little attention has been given to the development of the domestic market which is the largest single and most important market for Australian produced meats. The functions of the Meat Board relate to red meats only and the Committee considers there is a need for overall attention to be given to all types of meat including white. In addition the Meat Board is a producer organisation without representation of consumers or organisations associated with the industry.

79. The Committee *recommends that the Australian Meat Board be restructured to include representatives of consumers, employees and retailers and be charged with looking after the interests of the meat industry as a whole.*

Establishment of a consumers' organisation

80. It became increasingly clear to the Committee that the interests of consumers are often overlooked by many producing and distributing organisations. Such bodies are well-organised and able to put well-documented cases to any inquiry. The consumer on the other hand is generally unorganised and does not have adequate access to information which would enable him to present a documented consumer viewpoint. It became evident that the interests of consumers would be better served by the establishment of a Government-sponsored consumer organisation capable of representing the real interests of all consumers as well as the community generally. The Committee therefore *recommends that early consideration be given to the establishment of a Government-sponsored and financed consumer organisation.*

Collection of forward contracts

81. The Committee considers that as an intelligence service it would be advantageous if the meat industry was aware of likely trends in exports. This is particularly so in the present climate of rising meat prices.

82. The Australian Meat Board did not have information on forward contracts, and considered that these contracts would not be significant. This was not however the experience of the Western Australian Lamb Marketing Board.

83. The Committee *recommends that the Australian Meat Board commences the regular collection of all sales under forward contract.*

September 1973

C. J. HURFORD
Chairman

8. DISSENT

84. Pursuant to paragraph 9 of the Resolution of Appointment we are compelled to present a dissenting opinion to that expressed by the Committee in its report.
85. The central consideration is whether or not meat prices have risen to such a level in relation to the growth in consumer earnings that some Government intervention is justified. The evidence is quite clear that, on a long-term basis, beef and lamb prices have not risen at a faster rate than average weekly earnings. (See DISSENT, Attachment 1.)
86. The inescapable conclusion to be drawn is that the reaction to current meat prices is a reaction to a recent and well-publicised situation and does not reflect a basic inability on the part of most consumers to actually purchase meat.
87. It would be reasonable to expect that, if prices were excessive, consumers would react by reducing consumption heavily; yet during 1972-73 per capita consumption of beef was 87.5 lb per head which almost equals the previous year's consumption of 88 lb per head.
88. It is the Adviser's view that the question of low-income consumers confronted with rapidly rising meat prices is a welfare matter. This ought to be tackled as a welfare problem and not as an agricultural price policy problem.
89. Annual and monthly beef prices, both retail and saleyard, are shown in DISSENT, Attachments 2 and 3.
90. Even if it were argued that there was some justification for Government intervention in the operations of the meat market, authoritative evidence given before the Committee suggests that the practical difficulties of such policies would be immense. The evidence suggests that both taxes and quotas on exports of meat are discriminatory and fraught with dangerous hazards for the meat industry with important long-term consequences for Australian consumers. There is no assurance nor indeed likelihood that any short-term benefits to the consumer if attained would not be offset by adverse effects on the industry which would react to the long-term disadvantage of consumers both in Australia and overseas. (See DISSENT, Attachment 4.)
91. Evidence in DISSENT, Attachment 4 also shows that both taxes and quotas on exports would be counter-productive in relation to their original intention and would induce lower investment in the industry, leading to lower numbers and higher prices for cattle and sheep.
92. The most complete and enduring solution to the question of higher meat prices would be encouragement of production. This would more readily satisfy any desire for lower domestic prices and at the same time make full use of the opportunities provided by favourable overseas market conditions.
93. Encouragement, rather than discouragement, should be the keynote of the Government approach. To encourage the industry the Government would need to consider the provision of long-term low-interest finance, input subsidies, financial assistance for disease control, breeding and pasture research, restoration of taxa-

tion concessions for rural investment and by dropping the proposal to require the industry to finance export inspection, tuberculosis and brucellosis eradication.

94. It should be remembered when considering the current level of meat prices that sheep meat prices were at very low levels until fairly recently and that, as a result, the sheep industry experienced many years of depressed returns and increasing indebtedness. There would seem to be no justification for Government intervention of a kind which would reduce the ability of those producers to recover from the effects of that period.

95. We believe that it is essential in considering this matter to pay due regard to the experience of countries overseas in endeavouring to react to an essentially similar problem. The experience of New Zealand and Argentina would suggest that endeavours to insulate the consumer in those countries from international market developments are futile, cumbersome, costly and ineffective.

96. Another major consideration is the effect on our trade relations with traditional meat importers of any attempt to arbitrarily limit the supply of meat to consumers in those countries which are also experiencing higher meat prices. The long-term implications of such action should be fully recognised.

97. The first recommendation that a tax be imposed on beef exports is unacceptable. To be effective the tax would need to be at a very high rate or else it would be simply passed on to overseas consumers through higher prices.

98. A high rate could cause a flood of meat on the domestic market thus forcing prices down to disastrous levels creating uncertainty and damaging confidence. Such a policy is asking the producer to do what the Government is loath to do and that is subsidise the consumer.

99. The tax could not be refunded only to those producers whose cattle were exported. The refund would have to be spread across the entire industry, thus introducing a considerable degree of inequity.

100. The proposal that some of the tax be withheld in order to improve and promote the industry is a curious one, not only because of the imprecision of the suggestion but also because it seems contradictory to penalise an industry for its marketing success and then to encourage promotion of its product.

101. The second recommendation that the meat industry be requested to voluntarily restrict beef exports is completely impracticable. Meat works producing manufacturing meat only, could find no sale in Australia for their product and would have to refuse participation in such a scheme.

102. Recommendation (iii) of the Committee that Australian exports to the United States be reduced if price controls are not removed in that country appears to be quite unacceptable. Such action would discriminate against our best market for beef and against the market that takes vast quantities of manufacturing beef not suitable for the local trade. It would create a situation which the United States could point to should the market position change and import quotas be re-introduced by the United States.

103. Recommendation (iv) that the white meat industry be encouraged is difficult to justify, if only on the basis that it is inequitable for the Government to spend

taxpayers' money on encouraging the white meat industry while simultaneously penalising the red meat industry.

104. Recommendation (v) that the Australian Meat Board be replaced by a Meat Authority with broader interests and representation is similarly obscure in intention. It presupposes that the Australian Meat Board has been ineffective in its operations, an assumption which is unsubstantiated.

105. Recommendation (vi) that a consumer organisation be established with Government sponsorship could be a good political move and is certainly consistent with the emphasis on consumer requirements throughout many countries of the world. It would seem to make far more sense to create at this time an organisation with whom a meat authority could confer than to appoint a consumer representative to the meat authority.

106. Recommendation (vii) that the Australian Meat Board collect information on all sales under forward contract is obscure in intention. It should be noted that the Australian Meat Board collect information on all sales under forward contract is obscure in intention. It should be noted that the Australian Meat Board, in evidence to the Committee, reported that its experience was that information obtained on actual prices paid by foreign importers for Australian beef was neither useful or meaningful.

Summary

107. Leaving aside the question of whether or not the Committee has gone outside its terms of reference, the only recommendations which could have any relevance to meat prices in Australia are the first two.

108. The other recommendations seem to be motivated by political considerations and are not meaningful in relation to the central issue.

J. G. GORTON

P. J. NIXON

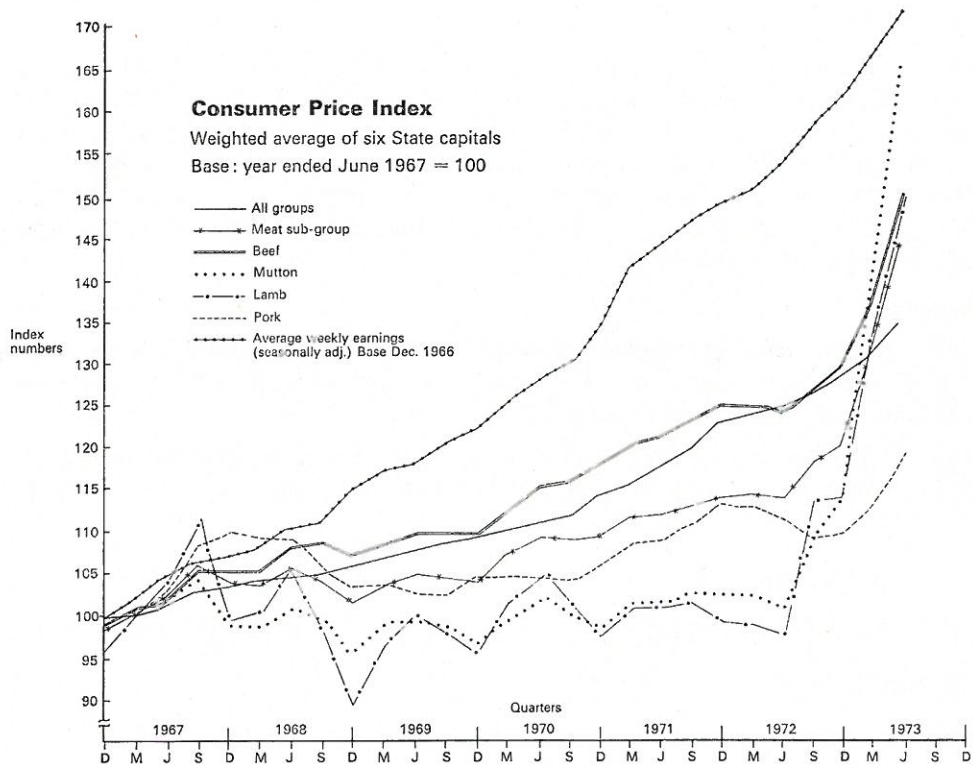
M. G. C. GUILFOYLE

E. W. PROWSE

September 1973

DISSENT

Attachment 1

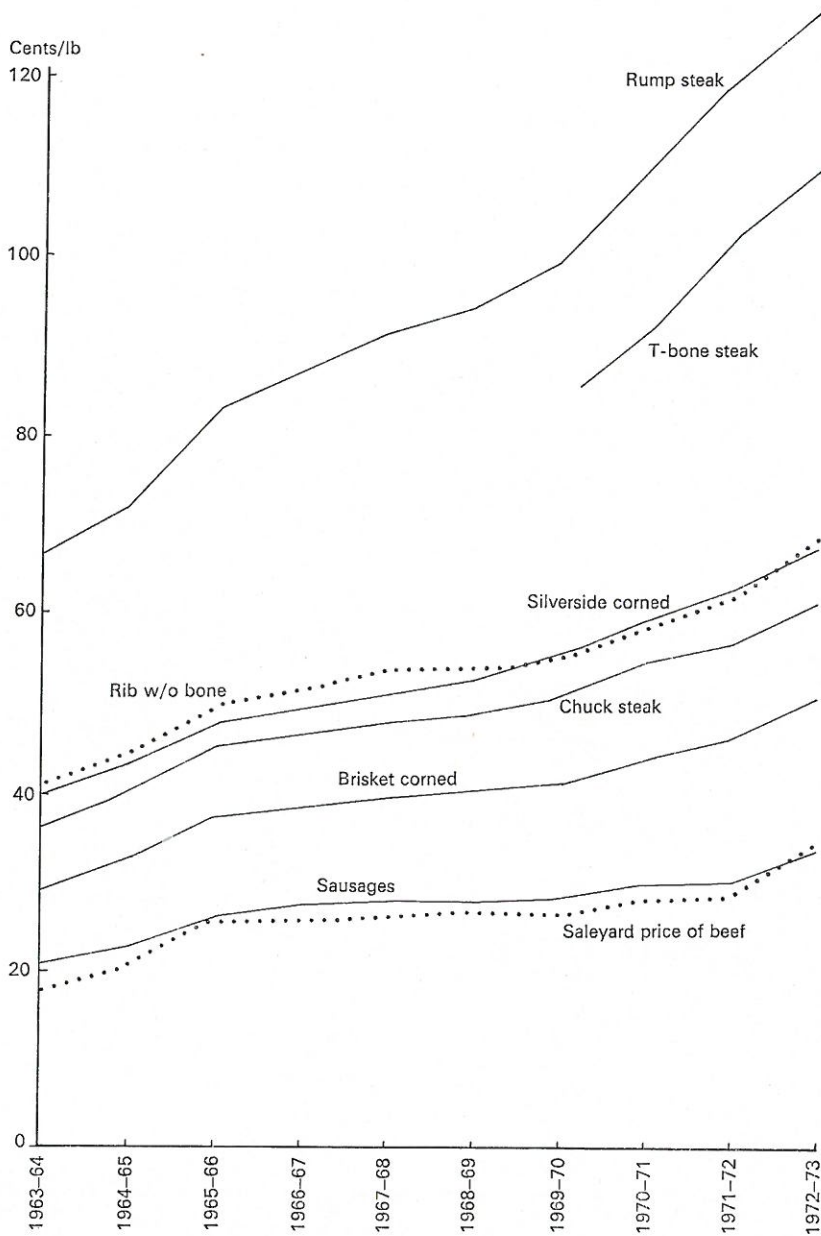


DISSENT

Attachment 2

Average Annual Beef Prices—Sydney N.S.W.

Retail prices of cuts and saleyard price of beef



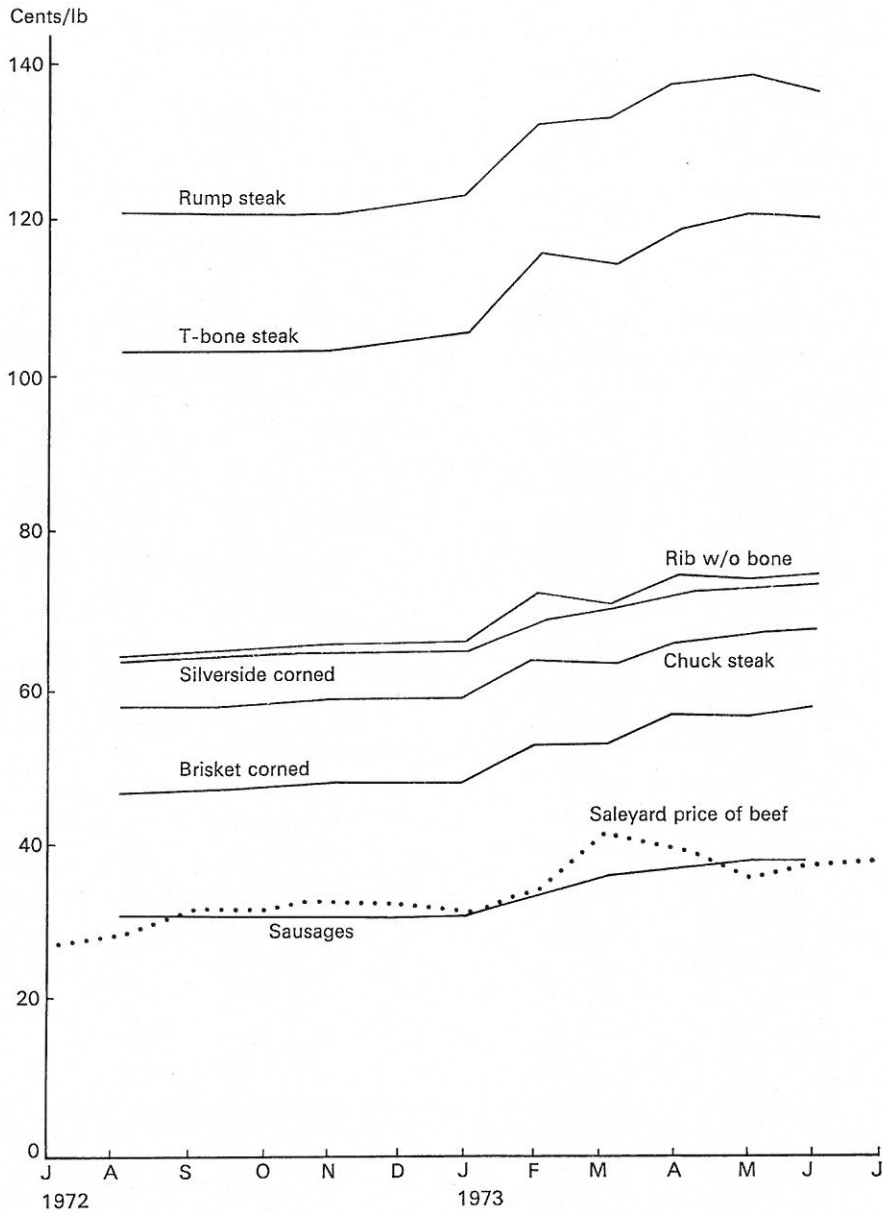
Source: Commonwealth Parliamentary Library Statistical Service, September 1973

DISSENT

Attachment 3

Average Monthly Beef Prices—Sydney N.S.W.

Retail prices of cuts and saleyard price of beef



Source: Commonwealth Parliamentary Library Statistical Service, September 1973

DISSENT
Attachment 4

EXTRACTS FROM TRANSCRIPT OF EVIDENCE

**Tax passed on
to consumer**
Page 302

Bureau of Agricultural Economics
23-7-73

MR HONAN. The first thing to do would be to impose the tax. Obviously the objective of the tax is to reduce the capacity of the exporter to pay the producer a sum of money. In other words the return would be lowered. But we cannot be sure that the exporter will not pass some of that tax on to his customer in the United States, Japan and the United Kingdom or the European Economic Community. We cannot be sure that that will not happen and that some part of it will not be passed on. For example, if a tax is imposed on petrol in Australia it is not the producer who pays because the tax is passed to the consumer. If a tax is imposed on exports we must expect that the effect of that tax will be passed back to the producer, but we cannot be sure that he will not raise his price to the consumer overseas.

Effect of tax
Page 306

MR NIXON. Taking a hypothetical tax of 2c, there may be a reduction of 2c at the saleyard. Do you think that the 2c would follow through to the consumer?

MR HONAN. That is an unanswerable question.

MR NIXON. A mechanism of this nature would not necessarily be sure in its effect of reducing the retail price?

MR HOHAN. Earlier I went through the indeterminate effects of this thing. The theory is there, but we cannot give you any empirical evidence to show you that it works.

**Adverse effect
of tax**
Page 173

Australian Meat Board
22-6-73

2. The Board believes that a levy on meat exports either with or without a subsidy to Australian retailers could be a means of reducing the level of retail prices provided the levy was sufficiently high, but it would bring about a position of even greater instability than at present.

3. It does not recommend an export levy because it believes that a levy sufficiently high to reduce meat prices in Australia would remove the present incentive towards increased cattle and beef production and the recovery in lamb production. The levy would adversely affect livestock producers, the proprietors in the meat industry and the large number of people employed directly and indirectly by the meat industry.

It would take much or all of the drive out of the expansion of the cattle and beef industry with detrimental effects to the export markets

which we are developing. This would damage the Australian economy. It also would place Australia in a very unfavourable light as a trading nation in world opinion. It would introduce uncertainty in the lamb industry and would remove the incentive to increase production.

**Practical
objections**
Page 187

7. Levy on meat exports: all meat or particular classes

Because of variation in production and in strength of export market, levy would have to be varied from time to time; but because of the fairly lengthy notice necessary it would be a very blunt tool and again it would seldom exercise the correct restraint. However, current export and local prices would be some guide and hence it would be more practical than quantitative export control.

**Implications
and economic
effects**
Page 187

- (a) Would reduce prices for livestock and reduce incentive to market stock and expand production.
- (b) Would reduce incentive to improve standards of export works and to expand works and build new works.
- (c) Instead of an expanding meat industry, an export levy could lead to a contracting industry at a time when everything points to the world needing this meat.

Variation of tax
Page 187

11. Summary

The Board believes that although an export tax is the most practical measure that could be taken to reduce retail prices it will not succeed in 'stabilising' prices, since the tax would need to be varied frequently. An export tax could only hope to achieve a temporary lowering of prices. The economic implications of an export tax are so adverse, firstly for the meat industry and secondly for the economy generally, that the Board cannot recommend this course of action to the government.

Page 343

MR. NIXON. If an export tax is placed on all meat exported—for example, a tax of 5c per lb—according to your last submission that would be reflected immediately in the saleyard price.

COL. McARTHUR. Yes, I believe that *the net increase in export costs would be reflected back to the livestock producer in the form of lower prices for his cattle.**

Australian Meat Export Council

21-6-73

Page 102

(6) The concept of an export tax presupposes that world demand will not fluctuate widely or suddenly—particularly to strengthen—or must recognise the possibility of the tax being adjusted to keep livestock values at levels commensurate with what is considered the equitable retail level. The degree of judgment which would be entailed and the uncertainty such an arrangement would inject into trading are neither reasonable propositions.

* Underlined by dissenters.

(7) For reasons explained elsewhere in these submissions, each meat commodity has to be considered individually unless the most serious inequities are to occur; the complications and unreality of an export tax would be multiplied and magnified by separate levels of tax.

(8) In the final analysis such a tax would be highly selective in its effect upon individual operators, areas of rural production, States and the country community.

Page 239

Meat and Allied Trades Federation of Australia

22-6-73

8. Levy on meat exports with a subsidy on retail prices

(a) Although at first glance the proposal would appear attractive to meat retailers as a means of reducing or stabilising meat prices the overall effect on both the livestock and meat industries must be considered. If exports were to be subject to a levy and as seems likely exporters would reduce livestock buying limits to compensate, the situation in effect would be that livestock producers would be subsidising meat retailers. Whether the proceeds of any levy were to go to general revenue or to subsidise retail butchers its imposition would seriously reduce the incentive of livestock producers to increase or even maintain the present levels of production.

Administra-
tion of tax
Page 501

New South Wales Department of Agriculture

25-7-73

Some implications of the proposals for stabilising meat prices

1. Apart from the constitutional and political factors involved there are two main types of practical problems which must be faced by any policy scheme designed to influence the price of meat. First, the myriad of types of meats, together with the absence of a satisfactory grading or measurement scheme, and the large numbers of producers, wholesalers and retailers will make any enforcement procedure difficult and costly to administer. Secondly, it should be recognised that it is extremely difficult to forecast prices and quantities supplied. Imperfect knowledge about foreign trade demand, which is partly influenced by seasonal conditions and agricultural policies in the principal meat importing and exporting countries, seasonal conditions in Australia, the prices of wool and other competing farm activities and the reactions of producers to these stimuli make it difficult to forecast prices and quantities one month or one year ahead. The undesirable consequences of forecast errors are illustrated by the following example.

Suppose the policy decision was to restrict beef exports over the next six months so as to divert production onto the domestic market with the objective of restraining retail prices. Now, if the volume of beef produced was to exceed the forecasted quantity on which the export quotas were based, the excess supplies would have to be dumped onto the local market. This dumping would cause a large drop in farm prices (lower than

**Effects of a
tax**

desired) and a substantial loss of export revenue as well as lost revenue to producers. In the longer term the depressed prices may induce a substantial and unwarranted contraction of the beef industry.

2. A policy scheme designed to reduce prices (either by direct means, or by an export tax, or by restricting exports) would have the following economic implications:

- (a) reduce retail prices of the meat concerned to consumers;
- (b) the reduced retail price would induce a greater rate of domestic use of the meat. Also, there would be some substitution of the meat for other meat types;
- (c) a smaller quantity of the meat would be available for export, resulting in a reduction in the level of export income. Also, policy actions may tarnish Australia's image as a source of meat exports;
- (d) reduce auction prices for livestock.

This would have a short-term and a long-term effect.

- 1. The short-term effect would be to reduce returns to producers.
- 2. The long-term effects arise from the effects of reduced auction prices on producers' decisions about the desirable level of breeding stock. As noted in the background discussion of livestock supply response in part A, in response to a fall in auction prices producers reduce the rate of expansion of the breeding stock. In subsequent years the reduced inventory level means lower meat supplies. In turn, the lower supplies will induce higher domestic meat prices. In short, one effect of a policy action reducing current prices would be the reduction of future supplies and higher prices in the future.

In summary; it seems likely that the current high lamb prices may be reduced a little in the near future, but that the current beef and mutton prices will continue for some time; in terms of the general movement of prices and of wage rates meat prices are at reasonable levels; it would be difficult to devise a low-cost administrative scheme for stabilising meat prices, and, if it is decided to reduce current prices the Committee should give serious consideration to the longer term effects of such a policy on supplies, prices, export income, and resource allocation.

Appendix 1

LIST OF WITNESSES

- BARCLAY, Mr J. B., Secretary, Graziers' Association of Victoria, and Representative of the Australian Woolgrowers' and Graziers' Council.
- BARNES, Mr P., Chairman, Australian Meat Exporters' Federal Council.
- BARTLETT, Mr P., Executive Officer, Australian Meat Exporters' Federal Council.
- BAXTER, Mr K. P., Consultant Economist, Meat and Allied Trades' Federation of Australia.
- BEATTIE, Mr W., Agricultural Economist and Agricultural Consultant, Australian Meat Exporters' Federal Council.
- CAMPBELL, Mr D. A., President, Australian Commercial Pig Producers' Federation.
- CLEMENTS, Mr D. I., Vice-President, Australian Chicken Meat Federation and Chairman, Western Australian Chicken Meat Federation.
- de VOS, Mr W. E. L., Secretary, Australian Cattle Council and Representative of the Australian Woolgrowers' and Graziers' Council.
- ESLER, Mr K. T., Farmer, Tooma via Albury, New South Wales.
- FAIRBROTHER, Dr J. G., Executive Director, Australian Chicken Meat Federation.
- FITZPATRICK, Mr E. N., Director, Western Australia Department of Agriculture.
- FREEBAIRN, Dr J. W., Senior Economist, New South Wales Department of Agriculture.
- GILES, Mr F. N., Australian Government Representative, Australian Meat Board.
- HALL, Mr F. T., Federal Secretary, Australasian Meat Industry Employees' Union.
- HARRIS, Dr S. F., Deputy Secretary, Department of Overseas Trade.
- HONAN, Mr N. D., Director, Bureau of Agricultural Economics.
- HOOTON, Mr G. L. V., Assistant Secretary, Commodity Policy Division, Department of Overseas Trade.
- HORE, Mr J. A., Secretary, Australian Broiler Growers' Council and Executive Officer, Pastoral Division, Victorian Farmers' Union.
- HORTON, Mr E. W. E., Chief Executive Officer and Federal Secretary, Meat and Allied Trades' Federation of Australia.
- JOHNSON, Mr B. Y., Information Officer, Commonwealth Scientific and Industrial Research Organisation.
- MAXWELL, Mrs M., President, New South Wales Branch of the Campaign Against Rising Prices.
- McARTHUR, Colonel M. H., Chairman, Australian Meat Board.

McDONALD, Mrs. A. J., President, New South Wales Branch of the Union of Australian Women and Co-ordinator, National Prices Campaign of the Union of Australian Women.

McSHANE, Mr R. W., Senior Lecturer in Economics, University of Newcastle.

McSPORRAN, Mr M., General Manager, Western Australia Lamb Marketing Board.

MEDLICOTT, Mr. H., Vice-President, New South Wales Broiler Growers' Association.

MEDWAY, Mr J. H., President, New South Wales Division, Meat and Allied Trades' Federation of Australia.

MITCHELL, Mr R. W., Chief Executive Officer, Australian Meat Board.

O'TOOLE, Mr J., Federal Assistant Secretary, Australasian Meat Industry Employees' Union.

ROLFE, Mrs H., Economist, Australian Wool and Meat Producers' Federation.

SAULT, Mr J. L., Officer-in-Charge of Commodities, No. 1 Section, Bureau of Agricultural Economics.

SEELAF, Mr G., Federal Councillor, Australasian Meat Industry Employees' Union.

SHEATHER, Mrs D. J., Research Officer, Union of Australian Women.

SILCOCK, Mr J. S., Chairman, Pastoral Division, Victorian Farmers' Union.

THOMSON, Mr G. A., Director, No. 2 Branch, Commodity Policy Division, Department of Overseas Trade.

TREBECK, Mr D. B., Economist, Australian Woolgrowers' and Graziers' Council.

WALKER, Dr D. J., Officer-in-charge, Meat Research Laboratory, Commonwealth Scientific and Industrial Research Organisation.

WHITELAW, Mr R. A., Economist, New South Wales Department of Agriculture.

WILSON, Mr R. S., Chairman, Australian Cattle Council and Representative of the Australian Woolgrowers' and Graziers' Council.

The following also presented submissions which were incorporated in the transcript of evidence:

- Australian Country Party
- Building Workers' Industrial Union of Australia
- Central Coastal Graziers' Association
- Deagan, Mr P. J., Private Citizen
- Department of the Capital Territory
- Department of the Northern Territory
- Department of Primary Industry
- Lloyd, Professor A. G., Department of Agricultural Economics, University of Melbourne
- Minister of Agriculture, South Australia
- Philip Gibson (N.T.) Pty Ltd

Rural Action Movement
Stockowners' Association of South Australia
Waterside Workers' Federation of Australia

Appendix 2

CONSUMER PRICE INDEX WEIGHTED AVERAGE OF SIX STATE CAPITALS DECEMBER QUARTER 1966 TO JUNE QUARTER 1973

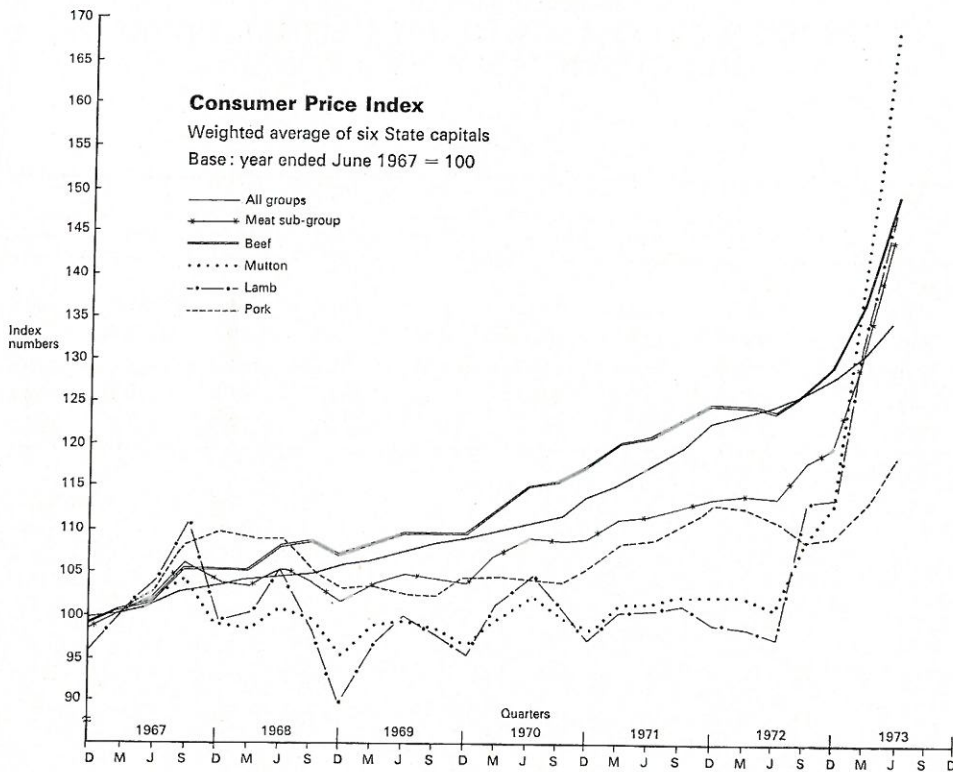
(Base: 1966-67 = 100.0)

Index numbers

<i>Quarters</i>	<i>All groups</i>	<i>Meat sub-group</i>	<i>Beef</i>	<i>Mutton</i>	<i>Lamb</i>	<i>Pork</i>
1966 Dec. . .	99.7	98.7	99.2	99.0	96.0	99.0
1967 March . .	100.1	100.2	100.3	99.9	100.2	101.2
June . .	101.3	102.5	102.3	102.5	104.0	102.8
Sept. . .	102.7	105.9	105.7	104.2	111.6	107.9
Dec. . .	103.0	103.4	105.1	98.8	99.3	109.9
1968 March . .	103.4	103.4	105.0	98.4	100.3	108.7
June . .	104.2	105.5	107.8	100.5	105.1	107.8
Sept. . .	104.6	104.1	108.0	99.0	97.7	105.8
Dec. . .	105.7	101.4	106.7	95.3	89.8	103.0
1969 March . .	106.4	103.5	108.3	98.3	96.4	103.8
June . .	107.2	104.7	109.6	98.9	99.9	102.5
Sept. . .	107.8	104.3	109.6	97.7	97.4	102.5
Dec. . .	108.7	103.6	109.3	96.5	95.3	104.1
1970 March . .	109.8	106.6	112.4	99.3	101.4	104.6
June . .	111.2	108.7	115.0	102.0	104.6	104.0
Sept. . .	111.9	108.0	115.7	99.5	100.6	103.5
Dec. . .	114.0	108.2	117.2	97.8	97.4	105.4
1971 March . .	115.2	110.8	120.0	101.5	101.0	108.2
June . .	117.2	111.3	121.2	101.4	100.5	108.7
Sept. . .	119.4	112.6	123.2	102.2	101.1	110.6
Dec. . .	122.2	113.3	124.5	102.1	98.8	112.9
1972 March . .	123.4	113.6	124.1	102.1	98.5	112.7
June . .	124.5	113.2	124.2	100.6	97.2	111.0
Sept. . .	126.2	117.8	126.8	109.3	113.4	108.7
Dec. . .	127.7	119.4	128.9	112.9	113.6	109.3
1973 March . .	130.4	129.7	136.9	138.9	131.4	113.2
June . .	134.7	144.0	149.7	167.8	148.4	118.2

Source: Bureau of Census and Statistics.

Appendix 3



Appendix 4

CONSUMER PRICE INDEX WEIGHTED AVERAGE OF SIX CAPITAL CITIES DECEMBER 1972 TO JULY 1973

(Base: 1966-67 = 100.0)

Index numbers

	1972				1973			
	<i>Dec.</i>	<i>Jan.</i>	<i>Feb.</i>	<i>March</i>	<i>April</i>	<i>May</i>	<i>June</i>	<i>July</i>
Meat sub-group .	119.1	119.8	132.1	137.1	142.8	143.9	145.4	148.1
Beef . .	129.0	129.5	138.2	142.8	148.3	149.9	150.9	151.9
Mutton .	113.1	115.3	144.2	157.3	168.0	166.7	168.7	179.7
Lamb . .	110.9	112.6	140.5	141.0	147.7	146.8	150.6	154.6
Pork . .	110.2	110.2	111.8	117.6	117.8	118.9	117.9	117.7

Source: Bureau of Census and Statistics.

Appendix 5

Table 1

SYDNEY RETAIL MEAT PRICES: AVERAGE OF REPRESENTATIVE STORES, 1973

cents per pound

<i>Beef</i>														
	<i>Fillet</i>	<i>Rump</i>	<i>Sirloin</i>	<i>Topside</i>	<i>Round</i>	<i>Blade</i>	<i>Chuck</i>	<i>Corned Silver side</i>	<i>Brisket</i>	<i>Rolled roast</i>	<i>Rib</i>	<i>Minced steak</i>	<i>Sausages</i>	<i>Sausage mince</i>
Percentage of carcase	1.25	4.50	5.75	5.50	3.75	7.50	9.00	3.75	6.00	9.50	4.25			6.00
Week ended:														
Jan. 5	164	126	110	90	91	78	63	68	46	63	44	32	23	
12	159	122	110	91	91	79	62	71	48	62	44	33	24	
19	162	125	108	90	90	80	61	71	49	61	45	33	24	
26	161	124	109	89	89	79	61	72	49	62	43	34	24	
Average	162	124	109	90	90	79	62	71	48	62	44	33	24	
Feb. 2	162	124	109	90	89	78	62	69	46	61	42	32	23	
9	162	127	113	93	93	80	61	75	47	62	46	34	24	
16	182	137	118	97	97	86	64	78	52	67	47	36	27	
23	184	136	123	100	100	87	66	77	54	66	46	37	27	
Average	173	131	116	95	95	83	63	75	50	64	45	35	25	
Mar. 2	184	138	123	100	99	87	66	79	54	68	47	39	27	
9	181	134	120	99	99	87	65	78	54	67	48	40	27	
16	178	135	120	98	98	88	64	78	55	67	47	39	27	
23	176	135	118	98	98	88	64	77	55	67	47	39	28	
30	168	131	116	96	95	86	64	76	55	65	47	39	28	
Average	177	135	119	98	98	87	65	78	55	67	47	39	27	
April 6	183	143	122	102	101	89	67	78	55	68	48	39	25	
13	176	139	115	100	99	86	67	76	55	68	49	36	25	
20	179	142	120	103	103	89	69	79	57	74	49	41	29	
27	178	144	121	103	103	89	70	79	57	73	48	41	29	
Average	179	142	120	102	102	88	68	78	56	71	49	39	27	
May 4	181	143	122	102	103	89	70	80	55	77	51	42	28	
11	176	137	118	103	103	91	69	81	57	73	49	42	30	
18	180	138	125	102	102	91	71	81	56	76	51	43	29	
25	181	142	126	102	102	90	70	81	57	78	50	44	30	
June 1	186	143	123	102	102	89	70	81	55	77	50	41	29	
Average	181	141	123	102	102	90	70	81	56	76	50	42	29	
June 8	179	141	123	103	103	90	69	81	57	77	50	41	28	
15	178	139	123	102	102	90	72	84	57	77	50	46	29	
22	187	138	123	100	100	92	70	85	57	74	61	47	29	
29	190	146	128	104	104	91	73	81	55	66	52	44	30	
Average	184	141	124	102	102	91	71	83	57	74	53	45	29	

cents per pound

<i>Beef</i>														
		<i>Fillet</i>	<i>Rump</i>	<i>Sirloin</i>	<i>Topside</i>	<i>Round</i>	<i>Blade</i>	<i>Chuck</i>	<i>Corned Silver side</i>	<i>Brisket</i>	<i>Rib roast</i>	<i>Minced steak</i>	<i>Sausages</i>	<i>Sausage mince</i>
Percentage of carcase		1.25	4.50	5.75	5.50	3.75	7.50	9.00	3.75	6.00	9.50	4.25		6.00
July	6	191	145	127	104	103	92	73	80	57	73	58	41	29
	13	193	143	126	105	105	93	75	82	57	72	57	42	29
	20	190	144	127	104	104	93	74	81	58	75	58	42	29
	27	189	146	129	105	104	93	73	79	55	77	59	40	29
Average		191	145	127	105	104	93	74	81	57	74	58	41	29
Aug.	3	193	146	131	107	106	95	76	85	62	79	59	45	33
	10	191	148	132	107	106	93	75	83	63	81	60	48	33
	17	199	152	134	109	109	97	78	89	64	82	59	46	36

Source: N.S.W. Department of Agriculture

Table 2

**SYDNEY RETAIL MEAT PRICES:
AVERAGE OF REPRESENTATIVE STORES, 1973**

cents per pound

		Lamb				Mutton				Pork				
		Leg	Shortloin chops	Chump chops	Leg chops	Fore-quarters	Breast	Leg	Shortloin chops	Chump chops	Leg chops	Leg	Foreloin	Loin chops
Percentage of carcase		24.25	13.00	8.00		29.50		22.25	11.00	7.25		21.50	15.75	22.00
Week ended:														
Jan.	5	54	59	62	56	35	13	na	na	na	na	71	67	68
	12	54	59	61	57	34	17	40	39	39	39	70	66	66
	19	54	59	60	57	34	15	40	39	39	39	72	65	68
	26	53	57	60	57	34	15	40	39	39	39	71	66	67
Average		54	59	61	57	34	15	40	39	39	39	71	66	67
Feb.	2	55	62	63	56	35	15	na	na	na	na	69	65	67
	9	63	71	71	65	42	18	na	na	na	na	70	66	67
	16	67	77	79	71	48	18	na	na	na	na	71	69	72
	23	67	69	71	66	44	18	na	45	45	..	72	66	68
Average		63	70	71	65	42	17	..	45	45	..	71	67	69
Mar.	2	64	68	69	64	42	28	49	47	47	49	71	72	74
	9	63	66	68	64	44	34	48	49	49	49	69	70	70
	16	68	70	70	66	43	34	49	49	49	49	68	67	67
	23	70	73	73	69	43	34	59	59	59	59	69	68	68
	30	64	71	72	69	41	25	59	59	59	59	68	67	67
Average		66	70	70	66	43	31	53	53	53	53	69	69	69
April	6	66	69	72	67	44	27	49	47	47	49	72	71	72
	13	64	68	70	67	43	24	na	na	na	na	73	71	73
	20	67	68	74	70	45	..	49	49	49	..	74	72	72
	27	67	68	74	70	44	24	49	49	49	..	74	72	72
Average		66	68	73	69	44	25	49	48	48	49	73	72	72
May	4	66	73	73	70	46	30	54	54	54	54	73	72	73
	11	67	71	74	70	45	30	49	49	49	..	72	71	72
	18	66	71	73	69	44	24	54	54	54	..	74	72	72
	25	66	72	74	70	45	27	54	49	54	54	73	71	73
June	1	65	71	75	71	46	27	..	49	49	49	73	72	74
Average		66	72	74	70	45	28	53	51	52	52	73	72	73
June	8	67	72	76	69	44	33	49	47	47	47	73	72	72
	15	67	72	74	72	44	32	na	na	na	na	73	73	73
	22	69	74	77	73	47	29	54	54	54	na	75	75	76
	29	68	75	77	73	49	31	54	49	52	52	73	73	74
Average		68	73	76	72	46	31	52	50	51	50	74	73	74

cents per pound

		Lamb					Mutton				Pork			
		Leg	Shortloin chops	Chump chops	Leg chops	Fore-quarters	Breast	Leg	Shortloin chops	Chump chops	Leg chops	Leg	Foreloin	Loin chops
Percentage of carcass		24.25	13.00	8.00		29.50		22.25	11.00	7.25		21.50	15.75	22.00
July	6	68	76	77	73	49	27	49	54	54	54	70	69	70
	13	68	77	78	76	51	27	49	54	54	54	73	71	72
	20	69	79	79	73	54	27	59	59	59	na	73	71	73
	27	69	77	79	73	49	28	na	na	na	na	74	70	73
Average		69	77	78	74	51	27	52	56	56	54	73	70	72
Aug.	3	70	79	81	73	54	27	59	59	59	59	76	73	75
	10	71	79	81	75	53	30	na	na	na	na	75	75	76
	17	75	83	85	79	58	34	na	na	na	na	78	80	81

na: not available.

Source: N.S.W. Department of Agriculture

Appendix 6

AUSTRALIAN EXPORT MEAT PRICES, 1972-73 PRICES QUOTED FAS(a)

cents per pound Australian currency

Period	United Kingdom		United States	Japan		
	Frozen beef crops	Carcase lamb first quality	Cow beef	Boneless ox crops	Ox briskets	Boneless mutton carcasses
October .	42.2	24.2	46.1	n.q.	n.q.	30.0
November .	43.3	24.5	47.0	45.9	31.0	33.1
December .	46.6	24.8	49.1	50.4	32.5	36.5
January .	48.0	25.2	50.8	51.6	37.0	40.7
February .	49.3	25.0	53.0	56.2	39.4	52.8
March .	47.6	25.1	54.5	70.3	59.7	59.8
April .	42.9	27.2	50.4	64.5	58.6	41.5
May .	40.9	26.1	49.4	60.8	57.1	40.0
June .	40.3	26.8	48.0	49.5	50.8	n.q.
July .	43.5	30.6	52.9	50.4	55.3	48.3
Week ended						
March 2 .	48.6	24.3	57.2	69.0	58.0	60.0
9 .	48.1	24.0	57.2	70.0	60.0	60.0
16 .	47.1	24.8	56.4	n.q.	n.q.	59.5
23 .	47.8	25.7	53.3	n.q.	n.q.	n.q.
30 .	46.3	26.7	48.6	72.0	61.0	n.q.
April 6 .	43.9	26.7	51.4	68.5	61.0	n.q.
13 .	43.6	26.9	49.8	64.5	59.0	n.q.
20 .	43.6	27.5	50.3	62.5	58.0	n.q.
27 .	40.3	27.6	50.0	62.5	56.5	41.5
May 4 .	40.0	26.2	51.1	60.5	56.0	39.0
11 .	40.3	26.4	51.5	61.5	56.0	n.q.
18 .	41.1	26.2	50.0	62.0	60.0	41.0
25 .	41.3	25.7	47.9	59.0	n.q.	n.q.
June 1 .	41.7	26.0	46.3	n.q.	56.5	n.q.
9 .	39.5	26.2	48.2	n.q.	n.q.	n.q.
15 .	39.6	26.2	48.5	n.q.	n.q.	n.q.
22 .	41.1	27.0	47.7	51.5	51.0	n.q.
29 .	41.0	27.9	47.6	47.5	50.5	n.q.
July 6 .	41.4	30.3	48.8	48.3	53.0	n.q.
13 .	42.6	30.6	52.0	50.8	54.5	48.5
20 .	44.7	30.6	53.0	50.5	54.5	47.8
27 .	45.2	30.7	58.0	52.0	59.0	48.5
Aug. 3 .	46.5	34.1	63.9	52.0	55.0	n.q.
10 .	50.1	33.3	69.7	59.0	57.0	n.q.
17 .	49.4	32.8	68.3	60.5	61.8	56.0

(a) FAS—Free Alongside Ship.

n.q.—No quote.

Source: Australian Meat Board.

Appendix 7

Table 1

SHEEP AND LAMB NUMBERS, SHEEP AND LAMBS SLAUGHTERED, MUTTON AND LAMB PRODUCED, AUSTRALIA, 1969 TO 1973

	Sheep and lamb numbers(a)	Slaughterings(b)		Production(b)	
		Sheep	Lambs	Mutton	Lamb
	million head		million head	'000 tons	
1969	174.6	18.2	18.5	366.0	303.3
1970	180.1	22.3	19.9	434.5	308.6
1971	177.8	23.8	21.6	463.0	349.2
1972	162.9	30.7	22.3	587.0	354.3
1973(c)	142.1	23.1	17.9	426.0	271.0

(a) At 31 March.

(b) Year ended June.

(c) Subject to revision.

Source: Bureau of Census and Statistics.

Table 2

SHEEP AND LAMBS SLAUGHTERED, MUTTON AND LAMB PRODUCED, SEPTEMBER QUARTER 1971 TO JUNE QUARTER 1973

	Slaughterings		Production	
	Sheep	Lambs	Mutton	Lamb
	million head		'000 tons	
1971-72				
September	7.3	5.6	141.0	86.0
December	7.9	5.9	153.4	92.8
March	8.2	5.3	157.4	85.5
June	7.3	5.5	135.2	89.9
1972-73				
September	5.8	4.7	106.3	70.5
December	6.7	5.4	126.1	81.0
March	7.0	4.2	129.2	63.9
June	3.5	3.5	64.5	55.6

Source: Bureau of Census and Statistics.

Appendix 8

CATTLE NUMBERS AND CATTLE SLAUGHTERED BY STATE, 1969 TO 1973

(Millions)

	<i>Numbers(a)</i>					<i>Slaughterings(b)</i>				
	1969	1970	1971	1972	1973(c)	1969	1970	1971	1972	1973(c)
New South Wales(d)	4.9	5.6	6.5	7.4	7.9	1.4	1.5	1.6	1.7	2.4
Victoria	3.9	4.5	5.1	5.5	5.6	1.5	1.7	1.8	2.1	2.6
Queensland	7.7	7.5	7.9	9.0	9.8	1.8	1.7	1.6	1.7	2.0
South Australia	0.9	1.0	1.2	1.5	1.6	0.2	0.2	0.3	0.3	0.4
Western Australia	1.5	1.7	1.8	2.0	2.2	0.4	0.4	0.3	0.4	0.5
Tasmania	0.6	0.6	0.7	0.8	0.9	0.2	0.2	0.2	0.2	0.3
Australia(e)	20.6	22.2	24.4	27.4	29.2	5.6	5.9	5.9	6.5	8.1

(a) At 31 March.

(b) Year ended 30 June.

(c) Subject to revision.

(d) Includes Australian Capital Territory.

(e) Includes Northern Territory.

Source: Bureau of Census and Statistics.

Appendix 9

MEAT PRODUCTION AND EXPORTS, BY STATE, 1969 TO 1973

(Carcase weight)

	Production(a) ('000 tons)					Percent of production exported				
	1969	1970	1971	1972	1973(c)	1969	1970	1971	1972	1973(c)
<i>Beef and veal</i>										
New South Wales . .	217.0	273.3	277.9	299.1	405.4	22.1	28.0	27.8	41.6	51.6
Victoria . .	212.9	249.5	302.6	324.7	414.8	36.5	47.9	47.4	51.7	57.7
Queensland . .	340.7	309.8	297.4	342.2	377.8	66.4	76.5	78.7	74.9	83.6
South Australia	35.6	40.0	42.8	49.8	61.7	19.4	26.4	23.7	34.1	46.8
Western Australia . .	67.8	71.9	63.3	77.8	85.1	42.6	51.9	42.4	47.5	56.6
Tasmania . .	27.9	31.0	29.5	34.4	46.2	30.9	34.6	32.2	43.8	44.8
Australia(b) . .	920.0	994.5	1,030.7	1,146.1	1,411.1	44.0	50.3	49.3	54.6	61.7
<i>Mutton</i>										
New South Wales . .	105.7	109.4	125.5	157.4	114.4	27.3	34.6	31.7	43.4	44.3
Victoria . .	129.5	166.1	178.7	245.9	147.7	47.9	65.4	60.8	71.7	88.8
Queensland . .	38.3	40.5	37.7	43.6	30.8	41.6	50.2	49.5	57.8	58.8
South Australia	33.1	47.9	50.8	49.7	45.1	15.0	39.1	31.4	38.3	37.9
Western Australia . .	46.8	57.9	55.6	75.0	75.4	53.1	66.7	56.2	65.4	71.8
Tasmania . .	11.5	12.6	14.5	16.3	12.3	49.4	47.5	43.1	58.7	52.0
Australia(b) . .	366.0	434.5	463.1	588.4	425.9	38.9	52.9	47.6	59.0	65.1
<i>Lamb</i>										
New South Wales . .	118.2	124.2	133.1	125.9	101.0	4.5	7.8	10.4	8.3	6.2
Victoria . .	118.5	211.6	128.9	124.0	97.8	19.3	24.1	18.1	9.9	12.8
Queensland . .	9.9	10.2	11.7	13.4	11.0	0.9	0.8	3.1	2.6	2.7
South Australia	23.7	30.3	39.7	40.3	30.2	6.0	21.4	27.6	28.4	25.8
Western Australia . .	20.9	18.9	21.8	27.4	18.2	20.3	14.5	14.0	25.3	25.3
Tasmania . .	10.9	11.1	11.1	10.8	10.1	8.8	10.1	6.6	5.9	8.9
Australia(b) . .	303.3	308.6	349.2	344.9	270.9	11.5	15.2	15.0	12.2	12.0

(a) Year ended 30 June.

(b) Includes Northern Territory and Australian Capital Territory.

(c) Estimate.

Source: Australian Meat Board.

Appendix 10

PRODUCTION OF POULTRY AND PIGMEAT, 1968 TO 1973

<i>Year(a)</i>	<i>Poultry</i>	<i>Pigmeat</i>
	<i>(Dressed weight)</i>	<i>(Carcase weight)</i>
	<i>million pounds</i>	<i>'000 tons</i>
1968	226.5	147.4
1969	240.7	159.6
1970	273.0	171.5
1971	334.0	178.8
1972	359.9	191.4
1973(b)	na	229.4

na: not available.

(a) Year ended 30 June.

(b) Subject to revision.

Source: Bureau of Census and Statistics.