

# Disease free status vital, says analyst

BY ANDREW MILLER

AUSTRALIA'S greatest advantage was freedom from disease and provenance, rather than its clean and green image, according to a leading market analyst.

McKINNA et al principal consultant Dr David McKinna told the Australian Livestock Saleyards Conference if the country ever lost its freedom from disease, it would be out of the game.

"People talk about Australia's clean and green image, that's actually bull...., we don't own that, New Zealand owns that - we own safety and integrity. They like Australian food because it is safe and reliable.

"We are competing head to head, with Brazil, and the only reason we can compete is people are prepared to pay a premium, for safety, foot and mouth freedom and BSE freedom."

But he said producers were now gaining the upper hand, due to stock shortages and high export prices.

"You have people competing for cattle, for years the beef farmers have been bitching, but they are really starting to bank their mon-



David McKinna

ey, so they are selling a few Mercs around in the western district, at the moment, I can tell you." Farmers were getting around 50 per cent of the retail value of animals. "That's unheard of - for example, potatoes which sell at Coles for \$2.50, the grower is lucky to get 50 cents."

Mr McKinna said there had been dramatic changes in the red meat trade, since 1986 when he worked for the Australian Meat and Livestock Corporation.

"In those days, beef consumption was 30kilograms per head, lamb 25pc, and their were 20,000 butcher shops, in Australia, supermarkets sold 20pc of red meat, exports were 30pc.

There was no live trade, saleyards were the main source of stock."

He told delegates chicken consumption was now 40kg per head, and rising rapidly, while beef stood at 28pc, pork was increasing at 20pc, and lamb was down to 9pc, from 20pc.

"There's 3000 butchers shops left, Coles and Woolies sell 63pc of all red meat. The majority of livestock is now sold direct, and don't go through saleyards - we have gone from being a domestic, to an export, industry pretty quickly."

Improved genetics in chicken breeding meant high quality meat could be produced cheaply, while beef had become quite unaffordable.

The butcher shops that have remained have transformed into meal solution shops, if you go into a butcher shop, you don't see the big trays of chops and rump steak, you will see crumbed product, you will see marinated product, you will see pies, ready to put in the oven."

The export of around 70pc of beef and lamb, was forcing up the price domestically.



FTA CAUTION: Angus Gidley-Baird, Rabobank senior analyst has cautioned Free Trade Agreements were only a starting point and Australia needed to remain competitive.

## FTA's only a starting point

FREE Trade Agreements (FTA's) - while important - were only one part of the picture for Australia's export meat trade, according to a senior Rabobank analyst.

Rabobank animal protein senior analyst Angus Gidley-Baird told the Australian Livestock Saleyards Association (ALSA) conference, in Melbourne, agreements had given greater access to

some of the country's biggest markets.

But he said the farm gate value of FTA's was impossible to quantify - and the industry also needed to be mindful of remaining competitive, while keeping an eye on biosecurity and animal health issues.

"While FTA's are great, at the end of the day they are not everything," Mr Gid-

ley-Baird said.

Brazil had overtaken Australia as China's biggest beef supplier last year, after it regained access to that market.

"They have taken our mantle and while we enjoy a tariff advantage over Brazil, it's not going to override the competitive pressure and ability to supply the market."

- ANDREW MILLER

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