

Submission to the ACCC

Ceres Agricultural Company

Certification Trade Mark Application No 1749229

Certified Free Range Pasture Finished Cattle - July 2016

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Thank you for the opportunity to contribute to the Consumer Commission (ACCC) application received from Ceres Agricultural Company Pty Ltd (Ceres), to register a Free Range Pasture Finished certification trade mark (CTM).

Recently the smaller animal, Chicken/Egg and Pork Industries have grappled with definitions and guidelines for 'Free Range' to be more accurately used in the marketing of products to consumers. As a consequence of misuse of guideline interpretations by some companies, ACCC findings have led to significant financial penalties being imposed. In summary, Justice Edelman stated the "the words 'free range' are now very well known" and are "coupled with powerful pictorial and verbal imagery" and ACCC's Chairman Rod Simms commented that "Credence claims such as 'free range' are powerful tools for businesses to distinguish their product." (ACCC website)

Free Range/Pasture Fed Definitions –

Livestock kept in natural conditions, with freedom of movement. English Oxford Dictionary

"Livestock that have had continuous and unconfined access to pasture throughout their life cycle"

Traditional American usage equates "free range" with "unfenced," and with the implication that there was no herdsman keeping them together or managing them in any way.

"Pasture-fed animals are raised on open grazing land with access to water plus supplemental feed that's a mix of grasses. This style of farming is promoted as a more natural alternative to grain-assisted feeding programs." Choice.com.au

The application for the certified status 'free range pasture finished' from Ceres Agriculture Company involves the larger of the consumer protein source, cattle. Cattle, sheep and goats are **ruminants** (have a specialised stomach system that ferments plant-based foods using microbial actions, before digestion) and in nature, require the ability to roam freely and graze on diverse species of plants to fulfil their nutritional requirements. This is the most significant thing that sets them apart from smaller animals, such as chicken, ducks and pigs (non-ruminants). Smaller animals tend to be confined for production management and for protection from predators. Nutritional requirements can easily be met under these circumstances as they do not graze on pasture.

Historically, cattle were introduced to Australia in 1788 when the first Europeans arrived with 6 head. (Year Book Australia 1901-07).

Australia began experimenting with Feedlots in the 1950's. Feedlots are defined as 'a confined yard area with watering and feeding facilities where cattle are completely hand fed or mechanically fed

for the purpose of production' (Australian Bureau of Statistics Year Book Australia, 2005 – Australia's Beef Industry).

Prior to this time, all cattle in Australia had access to wide open spaces and were able to 'free range' on native and later, native and introduced grasses/pastures, until processed. Even though 'traditionally, Australian consumers have preferred leaner beef' (Australian Bureau of Statistics Year Book Australia 2005 – Australia's Beef Industry) the feedlot industry largely evolved because of Australia's access to the Japanese Market, whose customer preference was for higher levels of marbled beef. In 2005 Japan absorbed 53% of Australian Feedlot beef.

So now, in 2016, have there been changes?

Do the majority of Australian cattle still freely roam or 'free range' in open spaces on a mix of natural/native and introduced pastures for all or part of their life?

Are these production systems still relevant and viable?

Are Feedlot production systems still relevant and viable enterprises?

Do domestic or global consumers have a preference for grain fed or grass fed beef? Is there a consumer trend developing that is moving away from Grain fed products?

Are consumers given a choice to purchase grain or grass fed beef? Are the labelling of beef products adequate to differentiate between grass fed and grain fed/grain assisted products, so that consumers are not confused?

Are Australia's consumers satisfied with the consistency of quality and cost of beef purchased under existing Industry grading systems?

Are consumers demanding more environmental care and animal welfare to satisfy choices of product purchase? Do they want to know the origin of their chosen protein source?

Are there existing certifications that adequately endorse consumer beef purchasing choices and do they match consumer expectations?

Does the Australia Red Meat Industry's adoption of the msa grading system, adequately cater for the PCAS Grass-Fed/Free Range Industry, as most of the research was based on Feedlot data?

Ceres Agricultural Company promotes itself as 'A sustainable, integrated agribusiness that produces large volumes of high quality agricultural produce that meet or exceed customer expectations. It further describes its operation as 'Australia's largest supplier of supplementary grain fed premium beef, as well as being a major producer of grains, pulses, oilseeds and award-winning superfine Merino wool'. **Ceresag.com.au**

A Beef Central article describes Ceres Ag Company as being - "An Innovative pasture-based lot feeding system in northern NSW is designed to turn off large volumes of consistently high quality beef at a fraction of the cost of conventional grain-fed systems. Whereas in conventional feedlots, cattle are fed a high energy ration twice daily for up to 100 days, cattle at Gunyerwarildi feedlot at Warialda are fed for only a few weeks to lift weights before being finished on surrounding pastures and supplementary rations." **Beef Central 30.7.2015 'Ceres Ag adopts innovative pasture-based feedlot model'**

Can **ruminant** animals raised on Feedlot based principles, ever be considered to be 'Free Range' by informed consumers?

RSPCA - Are lamb and beef free-range?

“Most sheep and beef products in Australia come from animals that were born and raised in extensive (outdoor) environments, so they can also be termed free-range. However, some cattle and sheep may have been held in feedlots in the last stage of their production to increase their growth rate prior to slaughter and to help ensure consistency in meat quality. A feedlot is a confined area where animals are fed daily rations of (mainly) grain to reach a certain target weight. By some definitions, ‘free range’ would exclude products from animals that had been held in feedlot.” **RSPCA website.**

The Ceres Ag company managing director, Mark Mason states, “Ultimately, we want to get our throughput to 160,000 head, which will mean increasing the feedlot and feedmill capacity to match”.

The author of this article, comments "With an annual turnoff of more than 100,000 grass-fed MSA-carcases for both domestic and export markets, the operation is – depending on your viewpoint – already the largest grass-based finishing operation in southern Australia, or amongst the country’s largest ‘feedlots’. **Beef Central 30.7.2015 ‘Ceres Ag adopts innovative pasture-based feedlot model’**

Could, Ceres Agricultural Company’s application for “Free Range Pasture Finished” certification, if granted, confuse consumers or in fact be misleading, given that the cattle are still fed grain regularly and ‘mechanically,’ and are still enclosed in a large yard (paddock)? Would it be responsible to certify an intensive ‘**pasture-based feedlot model**’ as ‘free range’? Does the mechanically planted pasture fit the consumer “Free Range” expectation of ‘natural’ and diverse pastures?

If planted pastures become flood affected or drought depleted and are non-irrigated, are cattle sold unfinished or prematurely, to match the stocking rate to the remaining pasture or is the grain supplementation increased? Once a Trade Mark certification is granted, are other enterprises who then purchase the licence to use the Trade Mark audited?

The Ceres Ag Company no doubt has the right to be proud of its innovation, achievements and industry accolades, however could the granting of a certified Trademark that uses the term “Free Range” to a private company, be confusing to consumers and potentially detrimental to the Industry as a whole?

What then of the remaining millions of cattle in Australia that are ‘free ranging’ on natural and diverse pastures, rotated regularly to ensure pastures are rested and productive but are not grain assisted to promote rapid growth and weight gain?

What then of the ‘Free Range’ certifications already offered by accrediting bodies such as Humane Choice who provide certification for “true Free Range” for Ruminants i.e. cattle? Humane Choice certification embodies the consumer driven perception of Free Range for enterprises that choose to align their business merits directly to consumer expectations.

What then of the recently Certified and annually audited PCAS (Pasture fed Cattle Assurance System) where no grain products are allowed, and also no hormones or antibiotics are permitted, therefore 100% grass/pasture fed – and the certified Organic Enterprises where logically, “**Free Range**” is implied?

What then of the only processor who has adopted the msa underpinned PCAS grading system who already uses “**Free Range**” as an incentivised premium to producers’ who are msa registered but not PCAS certified who can declare the following :-

For GRASS FED Cattle Only

I/We declare that the animals have never been confined to a pen for the purpose of intensive feeding. (Tick if Correct)

I/We declare that the animals have never been supplementary fed grain or grain by-products. (Tick if Correct)

I/We declare that the animals have never been treated with antibiotics. (Tick if Correct)

“Down the track, Ceres Agricultural Company is hoping to work with AusMeat to develop a new standard that recognises what the company is producing – effectively, “Grain assisted” beef. While technically it’s not ‘grainfed’ (minimum 70 days confined feeding for steers on a ration of 10Mj or higher) but it’s not ‘grassfed’ either”. **Beef Central 30.7.2015 ‘Ceres Ag adopts innovative pasture-based feedlot model’**

Will this new standard further confuse the consumer? Are animals who are minimally supplemented with grain (grain assisted) – still fed grain and are therefore ‘Grain-fed’? The variables seem to be - how much, how often, cattle numbers per size of yard?

Both Grass-fed and Grain-fed Cattle Enterprises have a place in producing quality products in Australia. Australia is renowned for its clean green beef products domestically and globally. Perhaps the existing grading and labelling of beef products is causing a degree of confusion in product description and therefore consumer perception. Now that there is much more interest in branding of beef products rather than beef just being a commodity, until clarity and consistency is achieved around labelling and consumer choice and satisfaction, Trade Mark Certification of terms such as Free Range Pasture finished should be withheld.

A recent example of misleading labelling of beef to consumers is Aldi’s admission that its Highland Park branded grass fed Beef products are from cattle that are supplemented with grain during bad weather conditions. **Aldi’s ‘grass-fed’ beef claims misleads consumers, say other producers. Sydney Morning Herald Aug 20th 2015.**

Our Cattle Finishing business, specialises in producing quality msa graded certified Grass-fed only Beef. There are increasing opportunities for Branded Grass-fed beef products in today’s marketplace, based on the ability of an enterprise to meet the nutritional, psychological and welfare needs of cattle.

“Grass –fed beef is fast becoming popular for being higher welfare, compared to grain-fed or feedlot-fed, and for containing less fat and more omega fatty acids that can reduce the risk of heart disease”. **Aldi’s ‘grass-fed’ beef claims misleads consumers, say other producers. Sydney Morning Herald Aug 20th 2015**

It is, in my view, vital, that naturally occurring free range enterprises are not potentially penalised by Certified Trade Mark’s being granted to intensive pasture based Feedlot Modelled businesses where pastures may not guarantee ‘free range’ nutritional quality and availability during climatic extremes, and therefore required increased grain assisted finishing.

Furthermore, **if** certification of the term “Free Range” for Cattle is **ever** granted for enterprises involving ruminants, would it be more appropriately registered with a Red Meat Industry Producer-owned Body, rather than a private company? For example, the Trade Mark ‘WoolMark’ is owned by The Woolmark Company, which is the global authority on wool and a subsidiary of Australian Wool Innovation, a-not-for-profit enterprise owned by more than 24,000 woolgrowers.

