

Farmers, Companies and Researchers Working Together in New Zealand's Beef Chains

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November 2006



agresearch Farming, Food and Health. **First**

Te Ahuwhenua, Te Kai me te Whai Ora. Tuatahi

Win-Win for Farmers & Meat Companies

Research the Enabler

Paper Outline:

- Setting strategy
- Improving farm performance
- Managing people behaviour



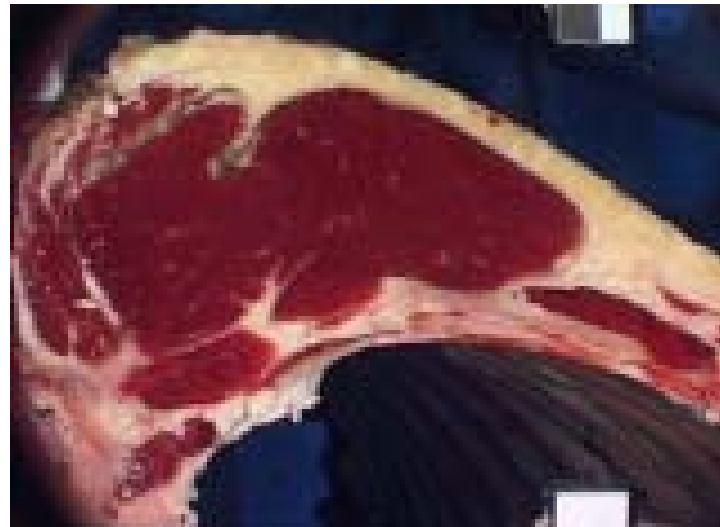
Setting Strategy for Supply – Process – Export

Commodity meat products

- efficiency and net value gains with beef.

Niche meat products

- creating a point of difference with natural beef.



Commodity Beef Strategy

Efficiency and Net Value Gains

Context:

As NZ farm systems intensify

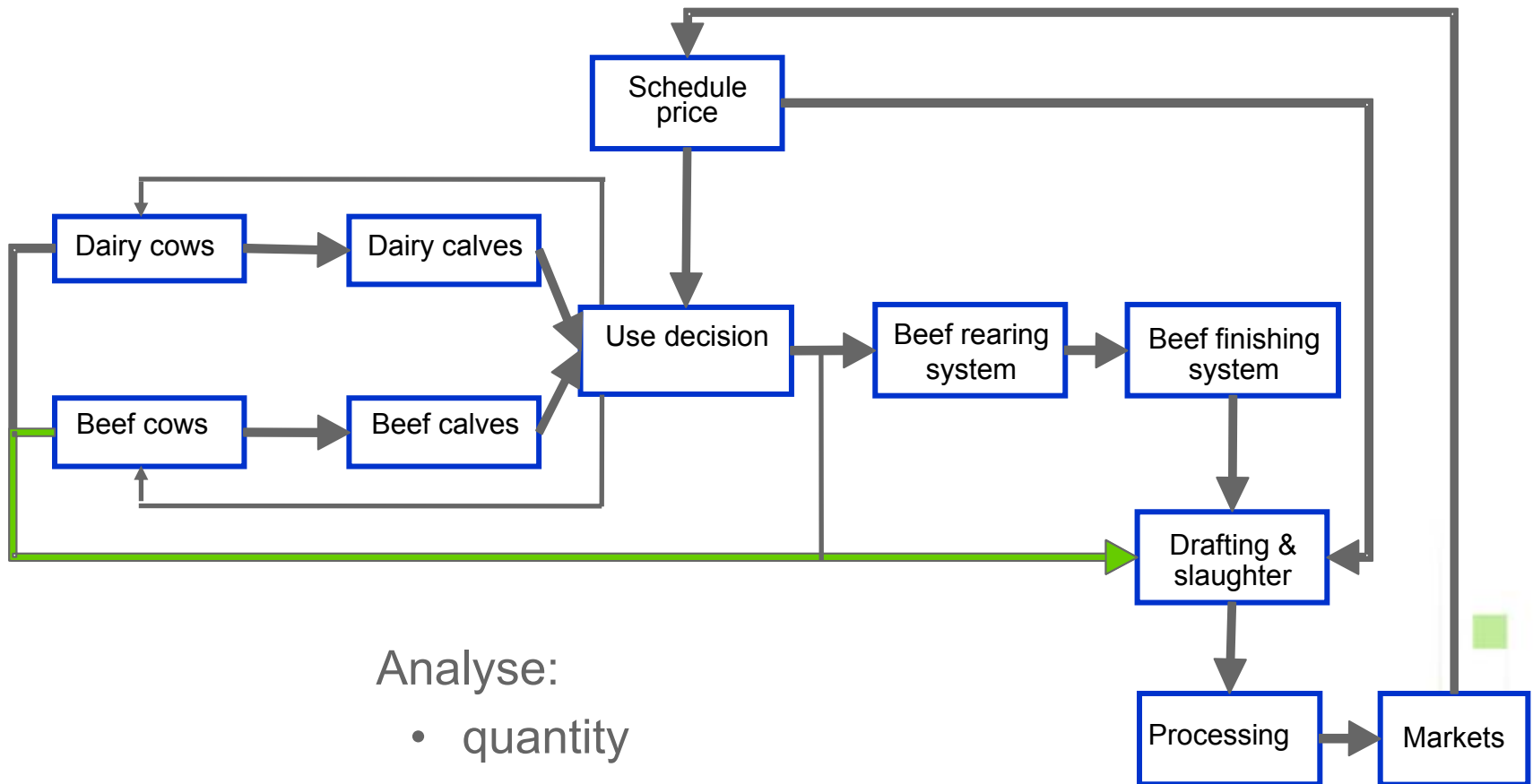
- beef cow herd declines → less quality calves available.
- cost of production increases → 9-12 c/kg DM.



Question:

Where are the greatest efficiency and value gains to be generated?

Beef Value Chain Model - Overview



Analyse:

- quantity
- prices
- costs

Improved Feed Conversion Efficiency

- Unique genes give 5% increase conversion efficiency of energy to weight gain.
- Breed into half the beef herd; plus half the dairy herd.

Current Net Value	50% Beef Net Value	50% Beef + 50% Dairy Net Value
\$793 million	\$800 million	\$807 million

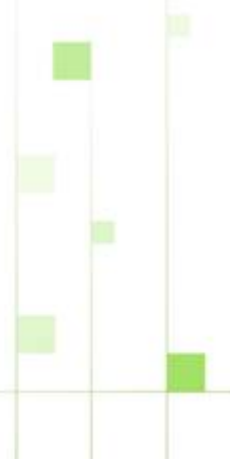
More Beef Progeny from the Dairy Industry

- Increased beef “sired” calves in the dairy industry from current 19% to 29%.
- Reduced bobby calf kill; and markets can absorb higher value cuts.

Current Net Value	More Dairy-Beef Net Value
\$793 million	\$850 million

Strategic Response

- Meat companies will facilitate the supply of quality beef calves from the dairy industry.
- Approach needs to ensure:
 - mating and calving is easy and risk free;
 - value gains are fairly shared;
 - fluctuations in demand and price are minimal.
- AgResearch has supported the adoption of these calf supply chains.



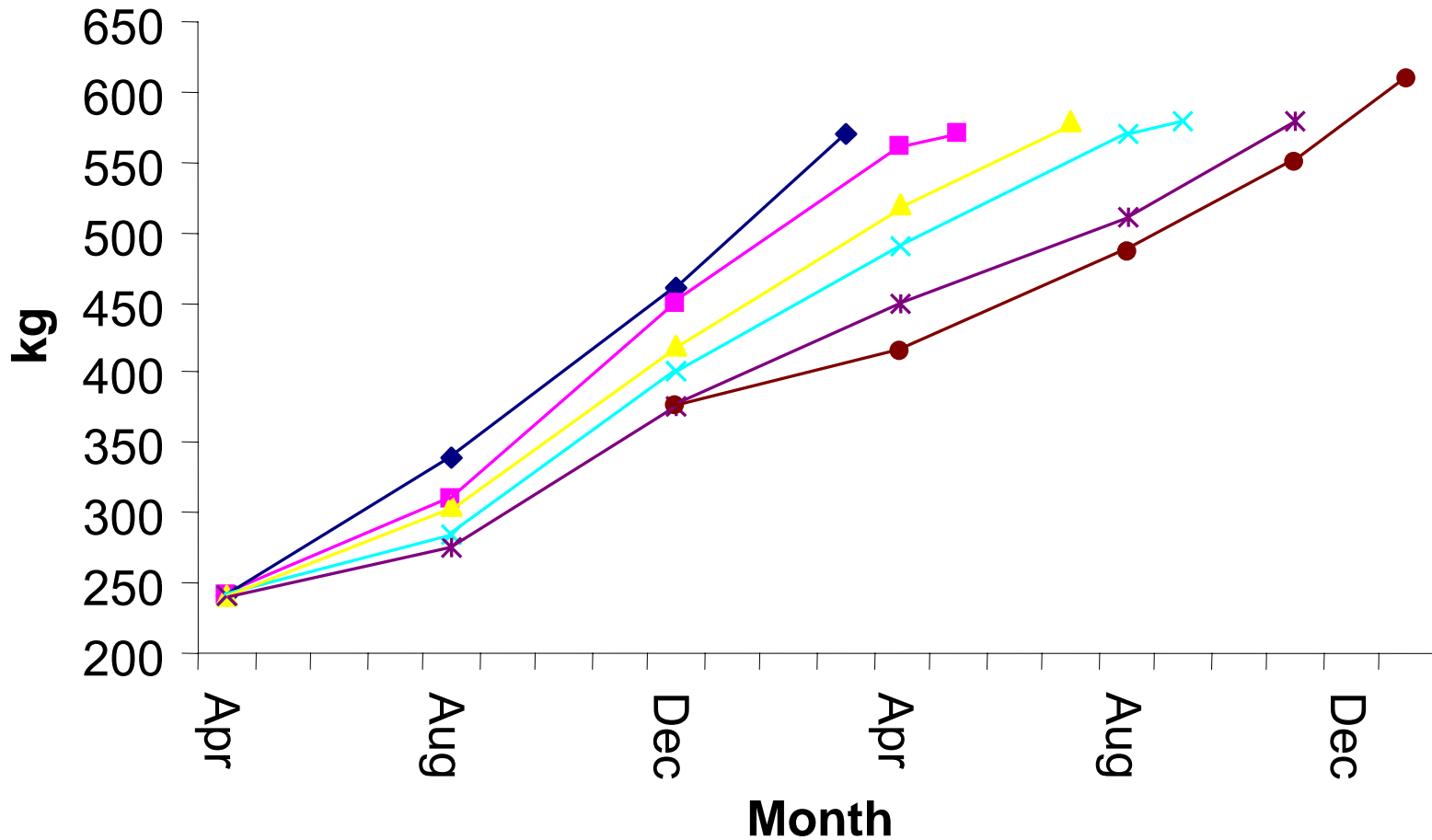
Natural Beef

Systems with a Point of Difference

Challenges:

- Year round supply of chilled and frozen product.
- Viable farm systems that meet specification
 - low chemical input
 - < 27 month age; carcass pH \leq 5.8
- High animal and carcass compliance to maximise added value.
- Farmers committed to a long-term supplier-processor-customer relationship.

Growth Paths for Year-Round Supply





Practices for Viable Farm Systems

- Internal parasites : late weaning of calves and clean pastures.
- Weed control : integrated grazing of sheep and cattle.
- Target growth rates : quality feed in summer-autumn.



Feed Quality, Quantity and Liveweight Gain

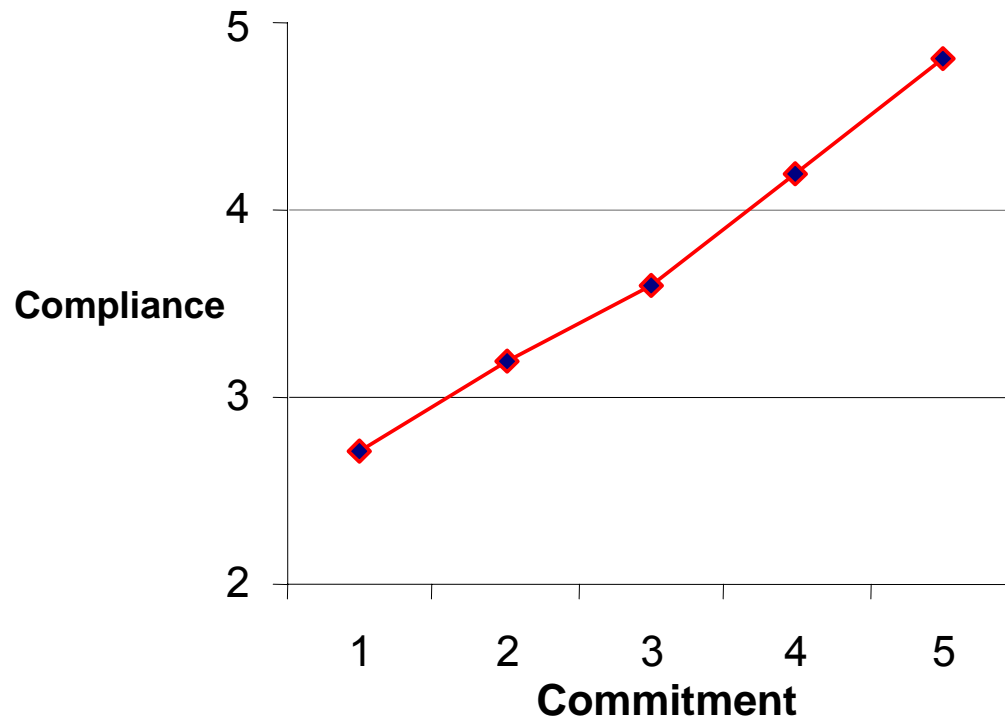
Feed Quality & Liveweight Gain						
Pasture Quality (mjME/kg DM)	7	8	9	10	11	12
Max Liveweight Gain (kg/day)	- 0.3	0.0	0.4	1.0	1.6	1.9

Feed Required for 1.0 kg Liveweight Gain						
		Liveweight Gain (kg/d)				
		0.25	0.5	0.75	1.0	1.25
Liveweight (kg)	250	17.0	10.2	7.9	6.7	6.0
	500	28.9	17.2	13.3	11.4	10.2

Maximising Added Value

Benefits	% Strike Rate	
<ul style="list-style-type: none"> • More animals supplied receive premiums 	2001/02	86.4
	2002/03	87.5
<ul style="list-style-type: none"> • Fewer cattle need to be contracted 	2003/04	89.4
	2004/05	92.2
<ul style="list-style-type: none"> • Less wastage! 	2005/06	98.0

Committed Farmers for Successful Business



Low Understanding \Rightarrow Low Commitment \Rightarrow Low Compliance



Early Exit

Farmer Attitudes and Attributes

For high value, specified supply

- Actively seeks market information and company strategy.
- Expect company to market their product for best value.
- Wants “fair” price that reflects effort and risk.
- Comfortable with forward planning of supply and price.
- Willing to share information and experience.

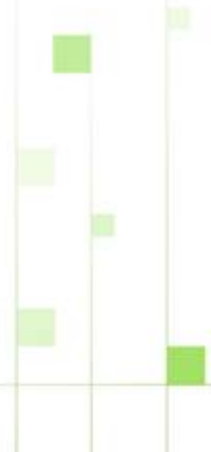
Social research is of immense value.

Communication

Honesty

Transparency

Loyalty

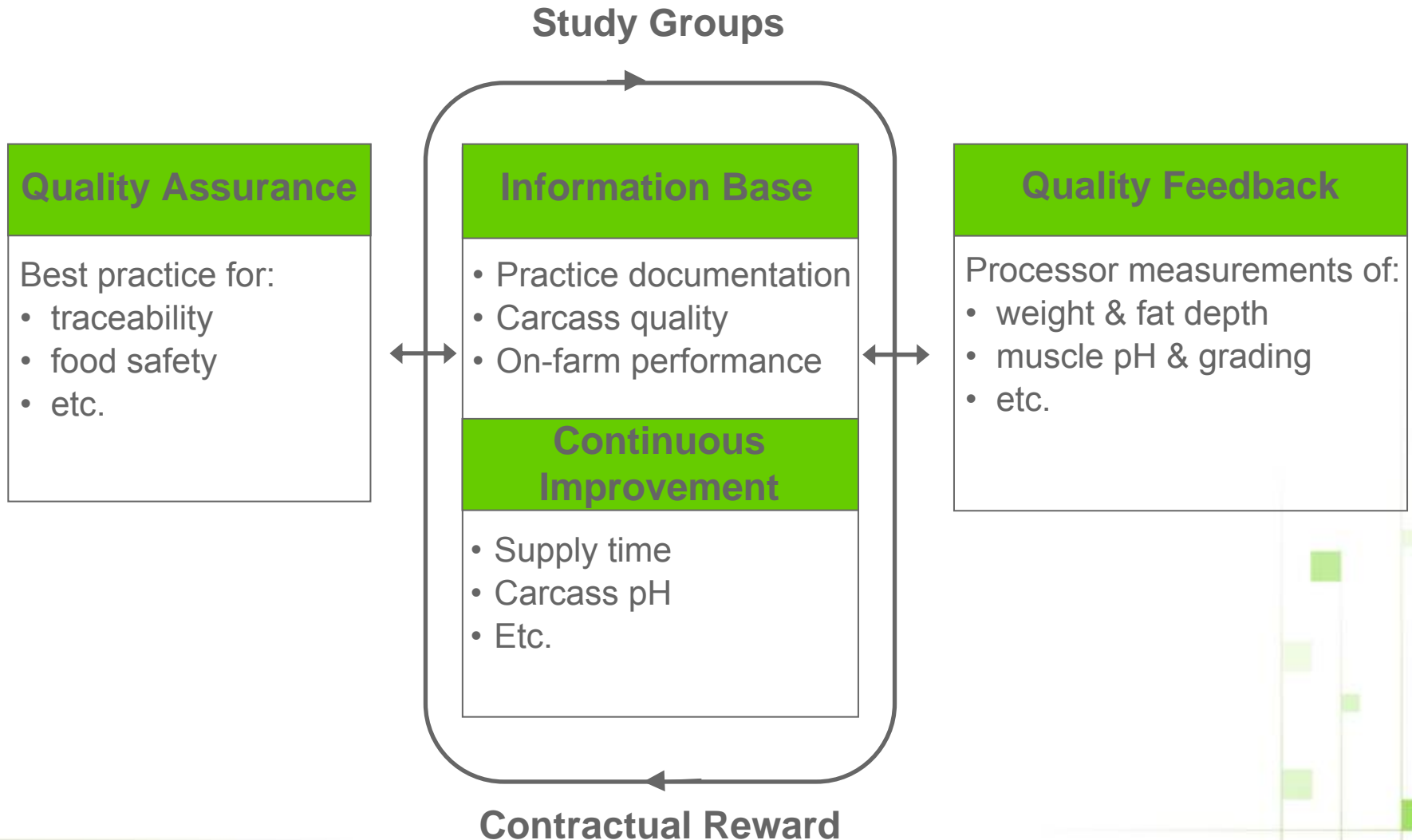


Relationship Building & Supplier Clubs

- Selected farmers linked to specific markets.
- Contractual agreements on supply requirements and prices.
- Emphasis on communication: farmer-company-market.
- Sharing of information and experience for continuous improvement.



Supplier Club Framework



Continuous Improvement

Carcass pH >5.8

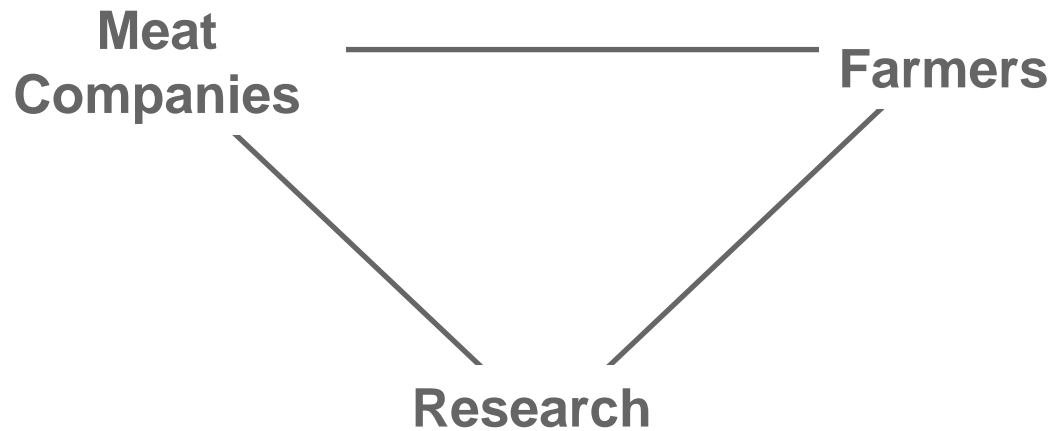
2002/03	2003/04	2004/05	2005/06
8.5%	8.3%	5.8%	1.2%

Success:

- Improved farmer understanding of animal physiology and management interactions.
- More animals gaining premiums and less wastage.



Working Together



Business Strategy

Farm Performance

People Behaviour

