

Connecting with Processors and Marketers

WA Farmers Federation – Future Opportunities for Beef

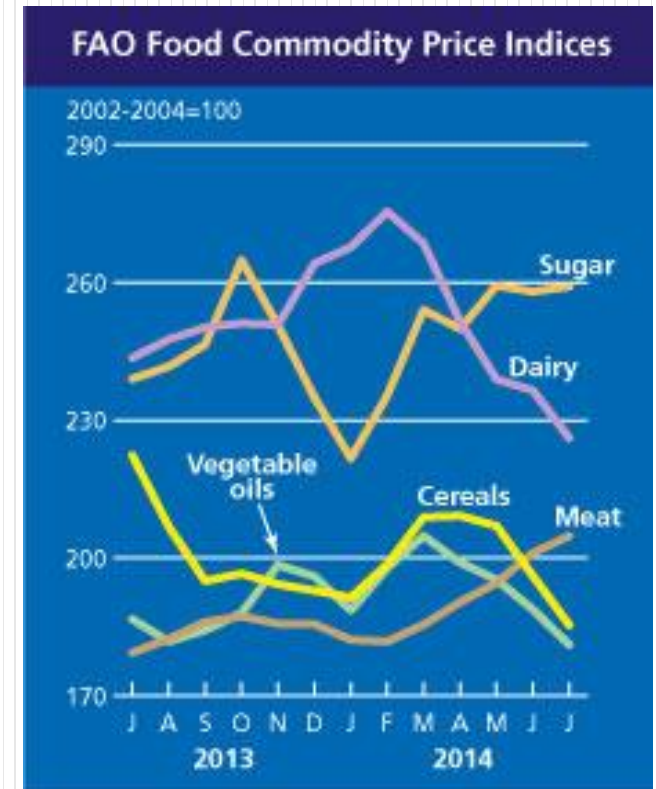


Stephen Meerwald



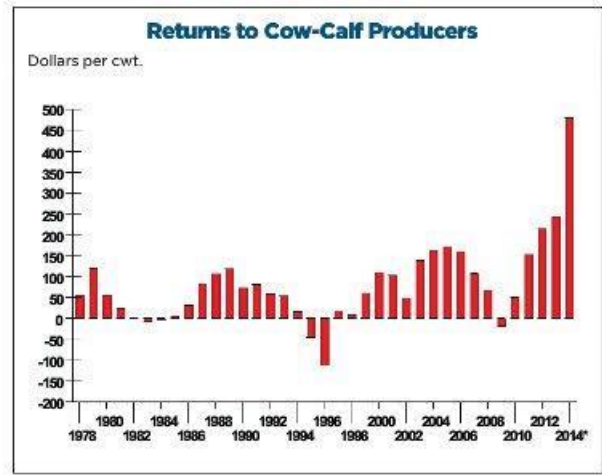
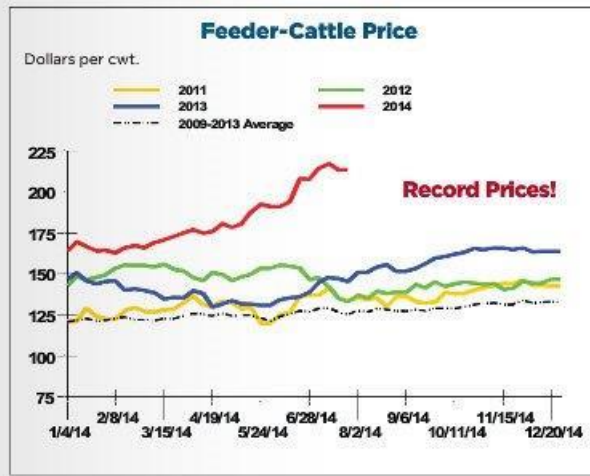
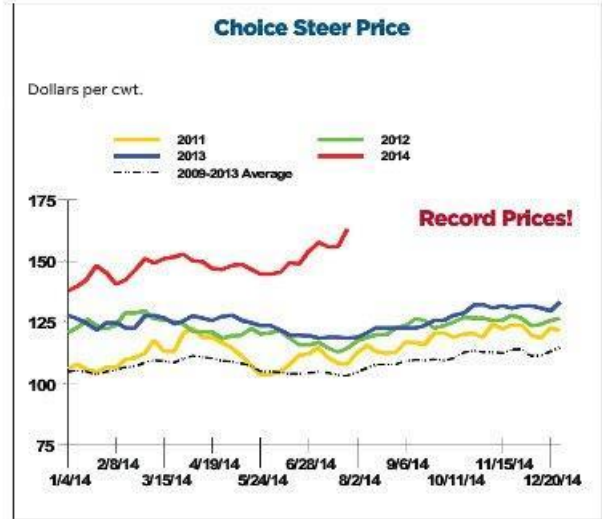
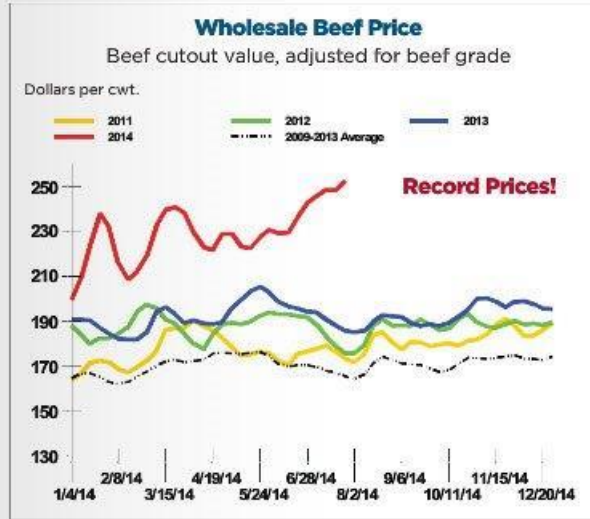
Markets – Global Demand

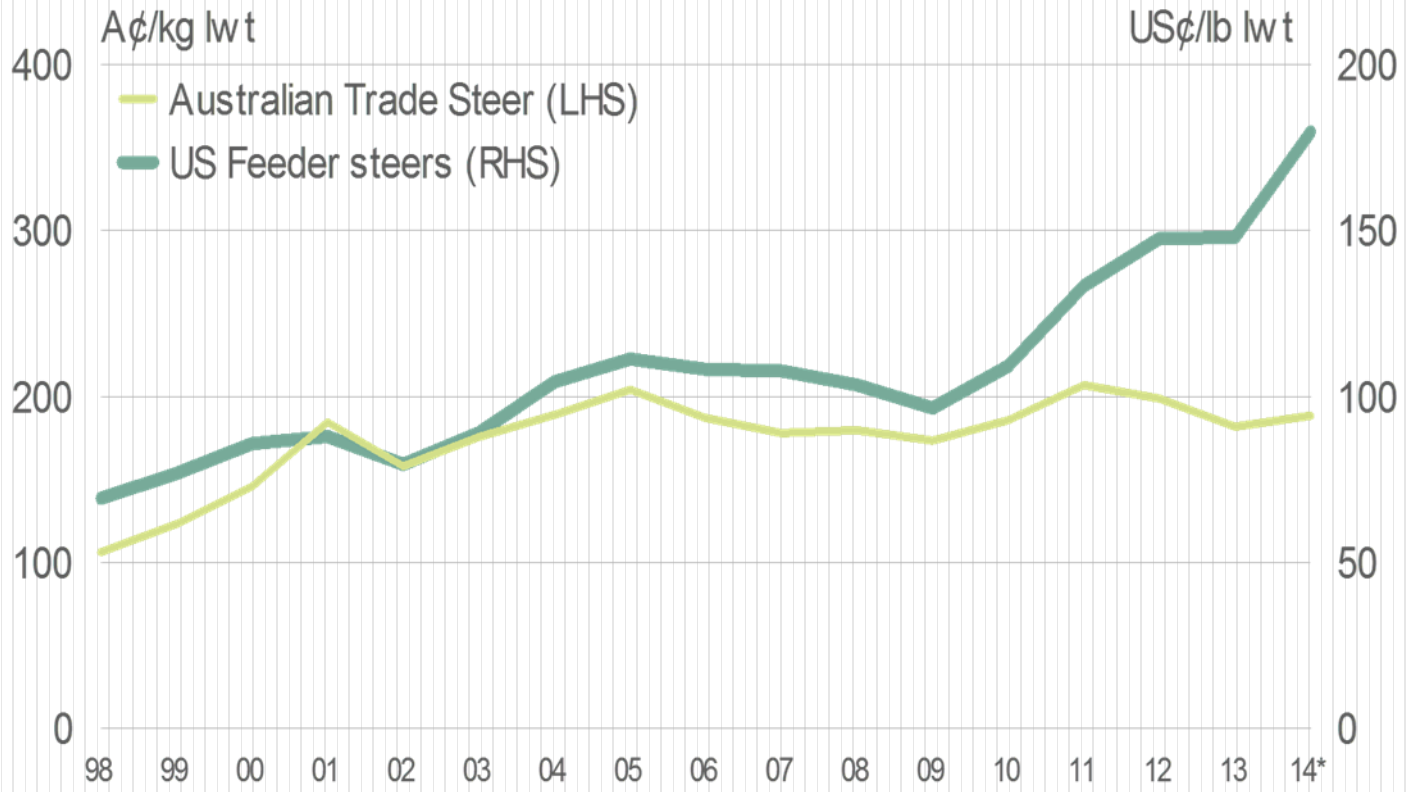
- World markets – record highs
- Consumption – growing
- Returns to producers – record highs - USA



FAO Food Price Index

	Food Price Index	Meat
2000	91.1	96.5
2001	94.6	100.1
2002	89.6	89.9
2003	97.7	95.9
2004	112.7	114.2
2005	118.0	123.7
2006	127.2	120.9
2007	161.4	130.8
2008	201.4	160.7
2009	160.3	141.3
2010	188.0	158.3
2011	229.9	183.3
2012	213.3	182.0
2013	209.8	184.1
2013 July	207.5	179.4
2013 Aug	204.5	182.4
2013 Sept	203.7	186.1
2013 Oct	206.6	185.6
2013 Nov	205.7	185.7
2013 Dec	206.2	185.6
2014 Jan	203.2	182.2
2014 Feb	208.6	181.8
2014 Mar	213.8	185.5
2014 Apr	211.5	190.4
2014 May	210.4	194.6
2014 Jun	203.9	201.1
2014 July	203.9	204.8





Source: MLA's NLRS, Steiner

* = 2014 January to June average

Why Connect?

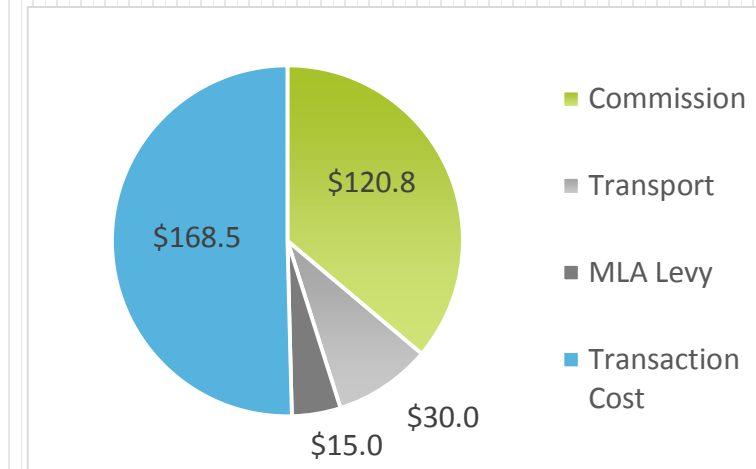
- How much gets back to you?
- What are you producing?
- Are you doing it well?
- Can you do it better?

Price Pressure Points

- Increase sale price
- Decrease costs
- Increase efficiency

Collaborative Value Chains

- Supply chains – Physical and Logistical
- Value chains – Economically efficient



WA Weaner Calf – Background – Feedlot to Slaughter Transaction Cost

Stage	Kg	\$/kg	\$/head	Commission @ 5%	Transport	MLA Levy	Transaction Cost	Transact %
Cow Calf	300	2.00	600.00	30.00	10.00	5.00	45.00	7.50%
Background	380	2.00	760.00	38.00	10.00	5.00	53.00	6.97%
Feeder	480	2.20	1056.00	52.80	10.00	5.00	67.80	6.42%
			456.00	120.80	30.00	15.00	168.50	36.4%

How?

- Maximise your potential earn
- Analysis and R&D
- Communicate
 - Agents
 - Processor Direct
- Long-term view
 - Sustainable margin
 - Market volatility
 - Seasonal volatility

A Different Business Model

- Retained ownership
- JV or Partnership
- Feedback mechanisms
- Review and perfect

“If you do not change direction, you may end up where you are heading.”

Lao Tzu