

Big range Program rewards for producers

Brand development key to Teys' global future

By CATHERINE MILLER

THE nation's second largest meat processor – Teys Australia – wants more beef producers to become direct consignment suppliers for its burgeoning range of brands.

And it is promising to reward them by guaranteeing above commodity beef market returns.

Five years ago, Teys Brothers was a commodity trading business but, since the joint venture between the company and Cargill in 2011, it has transformed its business to partner with key customers in domestic and export markets.

Teys corporate service general manager Tom Maguire said the company was developing branded programs to meet each customer's specific needs, including animal welfare and environmental expectations.

At a Naracoorte *Recognising*

Key points

- Producers want links to global customers
- Programs develop to satisfy customer needs
- Premiums above beef commodity market

and *Responding to Market Signals* producer day on Monday, Teys highlighted its large range of grass and grainfed brands: organic, European Union-accredited, Pasturefed Cattle Assurance System and Meat Standards Australia requirements.

The company is processing about 90 per cent to 95pc of its kill on a weight-and – grade basis.

About 150 SA and Vic producers were able to meet representatives of McDonalds Australia, one of Teys' key customers.

It also provided market information to assist producers with decision-making through a range of Teys and Meat & Livestock

Australia speakers.

Mr Maguire said the company aimed to have a collaborative supply chain for 40pc of its production by 2016 – linking producers to global customers.

Australian processing costs for grainfed cattle were twice as expensive as the United States and grassfed stock were double the cost to process than in Brazil, so it was necessary to get more for Australian produce by meeting customers' additional requirements.

"We need to target the right customer to add value and stabilise returns," Mr Maguire said.

"As the world (experiences a shortfall) of protein, more and more customers are realising they have to collaborate with us. What is at stake is their ability to get product and that is good news for the industry with demand expected to double in coming years.

"While cattle prices may not

be where producers would like, we know some of these branded products are consistently better.

"We are committed to being able to grade every piece of beef for eating quality so the customer knows exactly what they can expect. We have got to do it because we are leaving value on the table."

There had been week-on-week growth in Teys' Grasslands brands – underpinned by PCAS domestically through Woolworths stores and export markets – particularly in the US.

This week, Teys paid \$4.30 a kilogram for PCAS-accredited YP cattle, but from October it will pay 10 cents/kg premium on any PCAS animal, including cows and ungraded animals.

This had been driven by the strong demand for trim from the US.

Teys executive director livestock Geoff Teys gave ▶

hope to beef producers struggling with low returns, saying there are more profitable times ahead.

He highlighted the global supply shortage and dwindling Australian herd – expected to drop to 24.5 million head before rebuilding started.

"For some time, I have been concerned about low returns for beef producers, but where I see the market going will please you all very much," Mr Teys said.

"I don't think we will see the market slip at all this year. There will be demand from Qld to keep the plants going and they will

draw cattle from further south. A lot of cattle from central NSW will head north and this will free-up space in southern abattoirs."

Mr Teys said the domestic and US markets were strong, but China was the "elephant in the room", growing from 2.2pc to 22pc of the market from May, 2013, to August this year.

He thanked the region's producers for their strong support during the past 15 years since the company bought the plant.

"There is no better beef for eight months of the year than grassfed beef out of Naracoorte," Mr Teys said.

Behind the headline

TEYS Australia is celebrating 15 years as the owner of the Naracoorte meat processing plant. Since it took over in March, 1999, it has invested more than \$40 million in upgrading the plant and installing new chillers to lift its capacity. It is Naracoorte's largest employer with 400 workers and staff and a daily throughput of 770 head. Through its abattoirs in Qld and SA, Teys Australia processes about 1.5m cattle a year and has customers in 54 countries around the world. It operates three feedlots – Condamine in Qld, Jindalee, NSW, Charlton, Vic. – together with custom feeding operations. There are up to 110,000 cattle on feed in winter months and 80,000 at other times. In recent years, Teys has moved from a commodity-based business into branded products with collaborative partnerships and more value-adding to supply retail-ready products through Teys Food Solutions.



BEEF WORKSHOP: Among the guest speakers at Monday's *Recognising and Responding to Market Signals* producer workshop were Meat & Livestock Australia community engagement manager Pip Band, Teys Australia general manager corporate services Tom Maguire, McDonalds' Sussane Craig and Teys Australia executive director livestock Geoff Teys.