

Beef and Veal

Summary

The beef industry is the largest contributor of GVP to the Alps Valley region with a herd size of approximately 401,864 and total GVP of \$111.6 million. Beef operations are predominantly in the Towong Shire, Rural City of Wangaratta and Indigo Shire. Regional producers supply store cattle to feedlots, as well as to abattoirs. The beef industry also has significant indirect employment benefits through meat processors, brokers and buyers, livestock agents, grain providers and transport service providers.

The Alpine Valley region is seeing a fragmentation of larger herds as lifestyle producers increase within the industry. However, it is estimated that about 20% of producers still control about 80% of cattle numbers.

North East Region	1996 – 97 AG Census	2000 – 01 AG Census	2008 ABS
Gross value of production (\$) (cattle and calves slaughtered)	\$62,424,005	\$105,661,837	\$111,652
Current size of herd (no of cattle)	315,729	315,730	401,864
Contribution to Victorian GVP of commodity	9.42%	9.60%	9%
Contribution to Australian GVP of commodity	1.84%	1.64%	
Estimated number of farms	1,948	1,839	2,085

Source: ABS Agricultural Census – 1997, 2001, 2008c

Industry overview

Detail	Comments
Product description	Fresh meat for local and export market, offal
Main season	The majority of survey respondents stated the main season as being over spring and summer.
Industry associations	VFF, Meat Standards Australia, Australia Meat Holdings, Meat and Livestock Assoc, Beef Improvement Assoc, Murray Grey Beef Cattle Society, Beefcheque.
Domestic market information	The price per head of cattle reported ranged from between \$400 - \$850. Per kilogram of meat the range was between \$1.40 - \$5.50. The main destinations of beef from the region are the Melbourne, Sydney and Wodonga Saleyards.
Export market information	Quite a large proportion of beef from the region is exported overseas, with producers stating between 50% to 95% being exported. Export destinations include Japan, USA, Malaysia, Iraq, China, South Korea and Italy.

Location of the industry within North East Victoria

2008 Ag Census	Production volume (kg)		No. of farms	
Alpine Shire	47,604		16	
Indigo Shire	68,267		442	
Towong shire	143,724		503	
Wangaratta (RC)	122,138		732	
Wodonga (RC)	20,137		110	

Source: ABS Agricultural Census – 2008a

Projected beef industry growth

Source	Indicator	Comments
(ABS) AG Census and survey data	Growth in production volume 1997 to 2001	Production levels between 1997 and 2001 were relatively constant.
Surveys	Current profitability	12.5% reported high profitability, 30% satisfactory, 32.5% low and 25% very low profitability.
	5 year business plans	45% stated no change in plans, 32% planned to increase production / improve beef quality, 7% wanted to change from leasing their land / running an agistment to running their own herd, 7% wanted to change from running their own herd to running an agistment, 6% wanted to switch to other products, and 3% wanted to decrease production.
	5 year business outlook	Producers overall were quite optimistic about the future, with 34% stating a good outlook, 52% satisfactory and only 14% as poor. No respondents stated a very poor or very good outlook.
	Business planning / budgeting	50% conducted a formal business plan or budget with an even spread planning for 1 year, 2-3 years and 5 years in advance.
	Age of producers	36% of producers were aged between 40 - 49 years, 24% between 50 - 59, and 40% stated being over 60 years of age.

Beef industry labour requirements

Detail	Comments
Estimate of labour employed directly:- (based on 46 survey responses)	
Full time	11 (between 0 and 4 full time employees required depending on the size of the operation)
Part time	5 (between 0 and 2 part time employees required)
Casual	63 (between 0 and 12 casual employees required)
Areas of indirect employment	Meat processors / abattoirs and manufacturers, brokers / buyers (supermarket, feedlots), stockyards / sale yards, livestock agents, grain providers, transport service providers.
Labour market issues	Casual employment is the predominant form of employment offered by producers, with the main seasons being spring, summer and autumn depending on the producer. Some farmers stated difficulty in finding experienced casual labour.

Beef industry marketing activities

Detail	Comments
Marketing undertaken	Most producers rely on their produce being marketed by their livestock agents or buyers. Larger scale operations initiate their own marketing such as web, print media, brochures and signage. Direct marketing opportunities also exist at open days, farm expos and shows.
Value adding activities	18% of respondents stated they were involved in value adding activities. These activities involved the butchering and packaging of beef for consumers, with one respondent operating their own butchers to sell their meat direct to the public.
Labels and brands	Snowy Mountain Tender Meat, King Valley Beef.

Taxes, rates and charges paid

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Council rates, Bovine Johnes Disease fees, National Livestock Identification Scheme tags, water licence / permits, Dept of Health certificates, chemical users licence, Cattle Care audit, Cattle Transaction Levy

Beef industry strategic advantages and opportunities

- The North East is viewed by producers as being a good central location to the major markets of Melbourne and Sydney and to cattle sale yards.
- Proximity to major road networks and good transport linkages to saleyards, suppliers, and freighters is also viewed as advantageous to beef producers.
- Excellent soils and moderate climate, usually high and predictable rainfall in comparison to other regions and a permanent water supply with adequate irrigation. One beef producer stated the region was “one of the safest farming and rainfall areas in the country with good access to strong regional centres”.
- Versatility of land use and diversity of farming activities undertaken within the region.
- ‘Clean and green’ image of region.
- An increased emphasis on government and farming industry support for beef farmers.

Beef industry strategic disadvantages and impediments to growth

- High cost of operation, and capital investment required as land values and beef cattle prices both increase (can be a barrier to new entrants).
- Security of export markets given the high volume of beef that is exported from the region, and also the threat of beef imports on the strength of the domestic market.
- Current size of farms limits the opportunity for expansion, along with dramatic land value increases due to rural living subdividing farmland into smaller hobby farm lots.
- The aging of beef producers within the industry and the difficulty in obtaining experienced labour – particularly casual labour.
- Perceived lack of farming skills amongst lifestyle farmers is causing concern about weed management, disease management and overall risk management.
- Continuing future decline of US dollar and increase of Australian dollar
- Some beef producers stated lack of knowledge as a concern. Particular areas that were identified as education opportunities include pasture and water management, improving herd genetics and maintaining consistency in product quality.