

# Australia: Here's The Beef

Europe's Red Meat Woes May Have Opened A Gap In The Market For Australian Steaks-And A New Kind Of Cattle Baron  
Peter Holmes a Court  
Queensland

By Anthony Hoy | Newsweek Web Exclusive From The Bulletin  
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One part of that plan is his intention to create the world's biggest cattle company. Another is to adopt an innovative approach to genetics and technology that will improve the quality of Aussie beef-and capitalize on the current demand for the product in the United States, where herd numbers are low. "I can't see why Australian beef can't follow the branding and marketing example set by Australian wine producers," says Holmes a Court.

The 32-year-old Oxford University law graduate already has some formidable backing. The son of the late tycoon Robert Holmes a Court, his last name is a household one throughout Australia. It's a lucrative connection too: Holmes a Court's sale of his interest in the family company Heytesbury to his mother and siblings generated 35 million Australian dollars (US\$17.5 million). That money, together with the income from his simultaneous sale of his American theater production company Back Row, has left Holmes a Court poised to take a sizable stake in the Australian Agricultural Company (AACo) when it is floated on the stock exchange later this year.

The company is Australia's third-largest landholder; the intention of the stock exchange float is to raise the capital to provide the economies of scale and year-around production guaranteed by a herd of no less than 1 million.

Short of having his picture on every pack of the AACo's Emerald Prime beef, Holmes a Court is resolved to give Australian red meat a strong identity, putting global consumers at ease in terms of food safety and ending the days of generic-and generally tough-rump steak. "In an increasingly complex world, branding simplifies the information a consumer needs to know," he says.

"When we deliver a box of beef to a supermarket, we are now absolutely confident we know the history of the product," says the AACo's preferred domestic meat processor, Terry Nolan, of Nolan Meats in Gympie, Queensland.

The move to branded production "provides a marketing opportunity to accurately portray the intrinsic food safety value of cattle from a 2.5-million-acre remote location," says Mike Keane, a station manager at Headingly. "Because we now have the electronic means to verify and underwrite what we say, we can sell the concept of wide-open spaces; clean, green production, and freedom from chemicals."

Holmes a Court is more direct: "There is nothing in the ration of AACo's feedlot cattle that I wouldn't eat myself," he says-and then proceeds to munch on a mix of corn silage, lucerne hay, cotton seed, molasses, vegetable oil, protein meal and mineral supplements.

In the wake of the mad-cow and foot-and-mouth disease problems that are wreaking havoc in Europe, the shake-out taking place in the Australian cattle industry is all about pedigree and deep pockets. It is also about dragging the Australian cattle herd-and with it the red-meat sector-into the 21st century.

AACo is among the leading harbingers of genetic change within Australia's cattle industry, bringing pressure to bear on what the company's genetics general manager Don Wild terms the "sacred cows" of the cattle industry-the breed societies seen to be largely responsible for the industry's genetic malaise and, in part, for the red-meat sector's flagging fortunes.

Only six to seven years ago, the company's total production ended up as hamburger mince in the United States. The grip on Australian beef production by multinational processors, including ConAgra and Cargill of the U.S. and Japan's Nippon, "did not provide much room for ownership or equity in branding for particular markets", says AACo's managing director of operations, Don MacKay.

In a wholesale shift in marketing focus aimed at adding value to its product, AACo now accounts for 30,000 head of live export cattle to Indonesia, the Philippines and the Middle East. Of its 65,000 head sold through feedlots, 60 percent end up on the Japanese market as grain-fed chilled beef, while 40 percent-up from zero a few years ago-is sold on the domestic market. There's even a niche market for AACo cattle hides, which are processed in South Africa for Mercedes-Benz upholstery and for fashion leather.

Technology plays a pivotal part in Holmes a Court's vision. Unafraid of making radical changes to an industry steeped in history and rural folklore, he is seeing traditional cattle breeds such as Charolais and Angus on the run and digital innovation to the fore.

One key change: electronic tagging to cut costs and help improve meat quality. A radio transponder is inserted behind each animal's ear, which records birth and branding details; veterinary treatment; weaning date; carcass details such as fat cover; and, most importantly, weight gains. The electronic ID tracks the cattle as they progress through fattening stations, feedlots and abattoirs. "Electronic identification means we have absolutely quality-assured, independently audited information on the history of the animal from birth to the time it is sold to the consumer," says Mike Keane, manager of Headingly station.

According to AACo's MacKay, the technology will "optimize every stage of the chain," significantly reducing manpower and infrastructure costs.

"With the right technology, we can better manage our cattle-where they move, what they are doing at every point in time, the rate at which they gain weight, when they need to change paddocks and feed, when we need to muster and access to water," he says. "At the moment, range management is a very subjective process, with a significant margin of error."

Greg Popplewell, AACo's genetic coordinator, says the next stage will allow "predictive analysis and cost decisions on the fly ... such as being able to immediately tell when an animal comes down the chute at a feedlot whether it will need 100 or 120 days on feed."

"Virtual fencing," where electronic impulses transmitted via an implant will train cattle not to move beyond a certain point, is on the horizon, too. Animals will also be automatically weighed as they pass scales near electronically controlled watering points.

"The industry is changing," says Holmes a Court. "By beginning to reward producers for meat quality rather than for the size of an animal when it goes to the abattoirs. We are taking the 'macho' out of choosing bulls, and turning breeding into a genetic science."

AACo's breeding strategy has seen it create its own composite herd. The company has built a 1,200-head, state-of-the-art artificial-breeding facility at Meteor Downs, Queensland. So far, the facility has inseminated 6,000 cows and is contract-breeding 4,000 embryos from donor cows, making it the third-largest artificial insemination center in the world.

"Red-meat buying patterns are entering a new cycle," says Holmes a Court, "with the removal of dietary health concerns and a focus on new studies showing that one in four consumers do not eat enough red meat for iron and the micronutrients they need. "We are moving towards better grading standards, towards branded product-generally towards a better red-meat eating experience."

*The Bulletin is Newsweek's partner in Australia*

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