Role of Lot Feeding in the Australian grain market –

Outlook for the domestic feed sector and strategies for future growth.
GUNDAMAIN AND LADYSMITH FEEDLOTS

- Location – proximity to grain and roughage growing areas
- Location – proximity to small rural town - staffing and resources
- Location – proximity to processors
- Location – proximity to major saleyards
- Owner managed
- Licenced capacity – 6000 head Gundamain. 6500 head Ladysmith
- EPA licenced, NFAS accredited, MSA accredited, WQA
- Cattle owned by A & T Herbert
- Cattle sourced from paddock and saleyards.
- Benchmarking- “You can’t change what you don’t measure”
- Technology intensive
- Risk management- break evens
AUSTRALIA - BEEF INDUSTRY PROFILE

- 26 Million Head
- Stocking density 0.1 (.06 - .14) head/ha
- 9 Million Annual Slaughter
  - 2.8 Million Feedlot
  - 6.2 Million Grassfed
  - 279 kg average carcass weight
  - 52.5 – 56 average dressing %
- 2,548,800 tonnes HCWT
  - 74% Export
  - 26% Domestic
- 86 countries
- 28.6 kg consumption per capita
THE AUSTRALIAN RED MEAT INDUSTRY STRUCTURE
The Australian Lot Feeders’ Association is the peak national body for the feedlot industry in Australia. Our mission is to lead the industry in a manner that fosters excellence and integrity; improves the feedlot business environment; and ensures its community standing.
THE AUSTRALIAN FEEDLOT INDUSTRY FAQs

- At any one time there are around 2-3% of Australia’s cattle population located in feedlots
- Why feedlots? Two main reasons
  - Dry seasons
  - Demand and consistency
- How long?
  - Average is around 50-120 days or 10-15% of their lifespan
- Space?
  - Legislation is 9m² per animal – most feedlots allow more, around 13-20m²
- Why grain?
  - Highly digestible
  - Available
  - Natural product- used for thousands of years
- Emissions?
  - Significantly less than grass fed
Background

- Commercial operations commenced in the early 1960’s
- Initially fed cattle for the domestic market when feed conditions deteriorated
- Very seasonal with no quality premiums
- Japanese quota beef market opened in the middle 1970’s - the first exports of Australian grain fed beef
- Exports now account for around 70% of the industry’s production with product being exported to nearly 100 countries
- Australian feedlot industry is unique amongst other grainfed beef producing countries
CATTLE FEEDLOTS - INPUTS
Historical numbers on feed

Source: ALFA/MLA
Figure 4: Feed grain and feeder steer prices

Source: MLA, Profarmer Australia
Figure 3: Grainfed cattle turn-off

Source: ABS, ALFA/MLA
FLIAC Approved Grain List- barley, corn, lupins, millet, oats, rice, rye, sorghum, triticale, wheat ( NFAS)
FEEDLOT INDUSTRY NEEDS
- GRAIN QUALITY PARAMETERS
- FOOD SAFETY
Grain use in animal feeding.

“Animal feeding remains the largest domestic end use for Australian grains” (J Spragg).

FEED GRAIN PARTNERSHIP
### FEED USE BY INDUSTRY SECTOR AND STATE (tonnes/annum) 2015/16

<table>
<thead>
<tr>
<th>Industry Sector</th>
<th>NSW</th>
<th>Vic</th>
<th>Qld</th>
<th>SA</th>
<th>WA</th>
<th>Tas</th>
<th>Total</th>
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<tbody>
<tr>
<td>Poultry Meat</td>
<td>1,007,832</td>
<td>714,102</td>
<td>651,817</td>
<td>583,091</td>
<td>191,231</td>
<td>28,160</td>
<td>3,176,233</td>
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<td>Layer</td>
<td>282,134</td>
<td>218,426</td>
<td>263,931</td>
<td>59,157</td>
<td>72,809</td>
<td>13,652</td>
<td>910,109</td>
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<td>Pig</td>
<td>253,389</td>
<td>328,207</td>
<td>361,421</td>
<td>308,488</td>
<td>195,864</td>
<td>8,206</td>
<td>1,455,576</td>
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<tr>
<td>Dairy</td>
<td>447,884</td>
<td>1,876,997</td>
<td>191,864</td>
<td>153,361</td>
<td>145,990</td>
<td>242,637</td>
<td>3,058,734</td>
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<tr>
<td>Beef</td>
<td>1,112,106</td>
<td>259,431</td>
<td>1,907,478</td>
<td>99,995</td>
<td>122,994</td>
<td>41,325</td>
<td>3,543,329</td>
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<tr>
<td>Sheep</td>
<td>28,905</td>
<td>48,441</td>
<td>3,938</td>
<td>33,833</td>
<td>128,364</td>
<td>2,839</td>
<td>246,320</td>
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<td>Horse</td>
<td>138,127</td>
<td>92,804</td>
<td>93,164</td>
<td>22,542</td>
<td>18,105</td>
<td>6,235</td>
<td>370,977</td>
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<tr>
<td>Aquaculture</td>
<td>6,000</td>
<td>2,200</td>
<td>22,000</td>
<td>6,000</td>
<td>6,000</td>
<td>98,000</td>
<td>140,200</td>
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<tr>
<td>Other</td>
<td>36,722</td>
<td>56,306</td>
<td>21,797</td>
<td>9,787</td>
<td>14,472</td>
<td>4,649</td>
<td>143,733</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td>3,313,099</td>
<td>3,596,915</td>
<td>3,517,409</td>
<td>1,276,254</td>
<td>895,829</td>
<td>445,703</td>
<td>13,045,210</td>
</tr>
</tbody>
</table>

*Source: JCS Solutions estimates*
WHERE TO FROM HERE?

- Cattle numbers on feed to remain high though not as high as previously forecast.
- Forecast 40% grain fed production share in 2017 (typical during herd rebuild; during herd liquidation this drops to 31%)
- From highs of nearly 1 million end Dec 2015 to a decrease to 800,000-850,000 on feed in 2017. (MLA)
- Strong interest in expansions to continue.
SMARTBEEF 2017
SMATER, RICHER BEEF

1 – 3 November, University of New England, Armidale, NSW

SMARTBEEF 2017 will be centred on the theme of innovation and being smart about the use of data; business technologies and relationship building. It is designed to educate, inform and inspire grass root members of the feedlot community and other supply chain participants.

This is your chance to network with beef and feedlot industry operators and their suppliers from across Australia and hear from a line-up of top quality speakers who will bring participants the very latest in knowledge and technology in the beef industry.
"Yes .... I believe there's a question there in the back."