

Summer 2010/11

## Why we don't succeed at present?

Some studs do turn off beef at present, some sell at sale yards many probably sell killer steers to customers at a unit price per head, but in all cases I assume the popularity of the beef consumed is at least 50% attributed to the cost appeal and not based on the quality of the product, this fact alone is a real disappointment and only fosters in the public mind that Dexter's should be Cheap.

The biggest limiting factor in creating a market for this type of product is the continuity of supply and quality. If we structure a market based on 2 streams of product, being yearling beef and grass fed clean beef at 36 months old with minimum and maximum weights, we can for the most part take care of quality. The easy part in Australia is Quantity. As the following breakdown will show.

For the purpose of this exercise we will make some assumptions based on actual information we have in the association and publications from books and journals.

Australian registered Dexter herd say for this equation sits at 4000 breeding cows, of which each year you could say an average of 50% provide male Births 2000 units, each year we then after natural loss and registration or private sales of commercial bulls we end up with say 1750 steers.

Each stud in the equation takes a steer we are left with around 1250 steers.

Sold live private at an average price of \$500 per head total herd value is \$625,000

If these steers were sold to a targeted market as live weight at good price of 185c per kg we would expect to realise around \$809,375

Taking this figure of 1250 steers and multiplying it by carcass weights of average 36 month Dexter's @ 180kg we have beef product of 225000 kg at an approximate value of \$843,750 hot weight.

Total bone out meat weight would figure somewhere around 123750kg

### **The prime cuts per weight for the same group of steers.**

Fillet - 4375kg @ \$25.00 per kg = \$109,375

Cube roll [scotch fillet] - 6250kg @ \$17.50 per kg = \$109,375

Sirloin - 5625kg @ \$15.50 per kg = \$87,187

Rump - 7500kg @ \$10.00 per kg = \$75,000

**Total - 23750kg @ combined value of \$389,937**

Leaving 100,000kg of beef left to sell at a minimum price @ \$7.00 = \$700,000

Total return for meat at maximum processed level is \$1,089,937

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That's a whopping 42.65% more return for your animal on the sell live private rate.

Sure cost associated with processing etc would reduce the total income buy;

\$120 slaughter cost = \$150,000

Butcher cost would be commensurate with slaughter cost = \$150,000

Bringing the return back to \$689,937 for the group.

On the other side of this there is always export overseas.

One of our closest neighbours, Indonesia currently is looking for someone to be able to provide to them steers less than 350kg, as you would expect main stream large breeds quickly surpass this weight and therefore a whole market is going UN filled.

My point in putting this equation down is that the sum of all of us can return a greater amount than each one working alone and at some level in this equation there would be a better way of us selling cattle and we can value add to our product by working in a co-operative way, just think of the benefit for the profile of the breed to be able to offer at either stage a commercial volume; we then can have a credible brand that will help create breed awareness and offer opportunity either via annual member fee to the society or via commission per animal, the same could be done with our web site, allowing the members to list and sell their registered cattle via our national web site and again at a nominal cost, bringing once more much needed interest to the herd and much needed funds to the association.

If we took just \$25 per animal sold via either method the association could gain more than \$31,000 just on steers, a component that they currently gain no funds from.

Some of these scenarios in my belief should be put to the membership and voted on.

Food For thought!

Regards

Matt Stevens