

## Students excel at HDR symposium



Clare Flakelar.  
Photo: Paul Prenzler

Congratulations to the following Graham Centre post-graduate students who received the prizes for outstanding presentations at the Faculty of Science HDR & Honours Symposium, held in July at Charles Sturt University, Wagga.

### Poster Presentation Prize

Clare Flakelar  
(School of Agriculture & Wine Science)

### Honours Oral Presentation Prize

Dione Schmutter  
(School of Agriculture & Wine Science)



Dione Schmutter.  
Photo: Toni Nugent

## Overall prospects remain positive despite challenges from rising costs and policy reform

Both beef and lamb prices as well as costs are on the rise. The *agri benchmark* Beef and Sheep network has unique data for global comparisons.

The year 2013 brought back some profitability to beef and sheep production in countries that experienced moderate climatic conditions. In other regions, particularly in sections of the Southern Hemisphere, drought and adverse weather conditions continued to depress margins. This was one of the main conclusions of the [agri benchmark Beef and Sheep Conference 2014](#) hosted by the Italian Research Centre for Animal Production (CRPA) in Turin, Italy from June 5-11.

Some 31 countries participate in the global network, including new members Botswana and Paraguay. The week-long event consisted of an internal workshop and a public Global Forum on the final day. Workshop topics included consumer preferences and trade, animal welfare, farm labour productivity, grasslands beef production systems, sheep production systems and seasonal lamb and sheep price patterns.

In addition, key 'burning issues' for cattle and sheep producers were identified, among them climate change, the lack of long-term beef enterprise profits and various government policies. The field trips showed some of the best soils in the Po river region, very high yields from maize silage, competition for land with arable and horticulture farming and subsequent high land prices and stocking rates.

### High price levels depress consumption

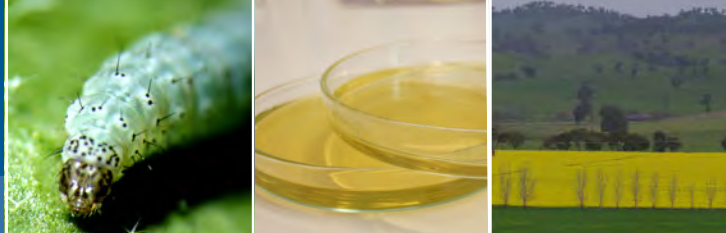
Beef and lamb prices, and their cost of production, increased further in 2013, but at a slower rate than in the 2009-2011 period. High retail prices and the economic crises in many of the established beef and lamb markets have led to a reduction of per capita beef (and lamb) consumption in most countries.

Additional demand is mainly coming from Asia - with China being the main driver - but also from South America, where Brazil is the engine of both demand and supply. There is growing recognition within the network of China's sudden emergence as a major beef and sheep meat importer, and its significant implications for global export demand, prices and trade flows.

### CAP reform poses challenges on some EU-producers

Main elements of the new EU CAP-reform are further decoupling (mainly in the cow-calf and sheep sector), the transformation of single-farm payments into area payments and the production restrictions imposed by the 'greening' measures.

Beef finishing farms with high stocking rates will be particularly affected. Kees de Roest, Italian agri benchmark partner and head of the economic division of the Livestock Research Institute CRPA said that in the case of Italy, these farms will lose an equivalent of EURO 400-600 per hectare until 2020. In the conference's public Global Forum, panelists representing the Italian beef supply chain concluded that industry adjustments to the challenges of the CAP-reform will have to include market development, innovation and product developments such as European branded beef products, convenience beef preparations,



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and, in the case of Italy, the export of regional specialties to other EU-countries. Like in many other countries, Italian consumers appreciate local origin of food products. To further promote this, a product specification for beef of Italian origin has been set up and will be launched in the market in the coming years.

### Australian beef farms struggling

Australian beef farms struggled in 2013, due principally to the drought, which (while lifting turnoff) lowered cattle prices and raised production costs (especially for feed and agistment).

Of the six Australian agri benchmark 'typical' pasture-based beef farms, two barely covered cash costs within the beef enterprise segment of their operations in 2013 and the other four made a cash (short-term) loss. Only the sole Australian cattle feedlot for which data is collected made a short-term, and long-term, beef enterprise profit.

On a whole-farm basis (including income from other non-beef enterprises and off-farm income) the situation was significantly better, with five of the six Australian pasture-based farms making a short-term profit and contributing towards opportunity costs, although only two fully covered opportunity costs to make a long-term profit. This indicates that most had significant contributions from the sale of other products (mainly crops)

The agri benchmark 2013 results confirm that Australia remains a relatively low cost producer of beef, alongside grass-based South American and New Zealand suppliers.

Competitiveness was assisted in 2013 by high stock turnoff and production and some fall in the A\$, though South American currencies fell significantly faster.

### Australian sheep farms profitable

Despite the eastern drought, all seven Australian 'typical' sheepmeat farms made a short- and medium-term profit (covering cash costs and depreciation) in 2013, in common with sheep farms in all other major sheep producing countries, except those in Europe. Furthermore, all three western Australian 'typical' farms made a long-term profit (covering opportunity costs as well), and one of four Eastern Australian farms. This feat was only shared with farms in China and Uruguay,

but again cropping performance was a major driver of this result.

Australia remains a low cost producer of lamb, along with New Zealand and South Africa. Australian expenditure per kilogram of lamb produced is low on feed, machinery and fuel, but higher than some on land.

The potential of grazing systems remains high

Most beef cattle and almost all sheep spend at least part of their lives on pastures, in many countries they are finished on grass. Many grassland areas are overgrazed, for example, in Inner Mongolia and parts of Africa, whereas others are underused.

More sustainable grassland management by adjusting stocking rates and grazing management practices, the gradual introduction of fertilisers, improved supplementary feeding practices, and new plant varieties could unlock the present unused potential. China, Argentina, Brazil and Colombia all have room to improve grassland productivity and as a result, animal productivity.

Silvo-pastoral systems in tropical countries seem to be able to create triple-win situations between environment, economics and animal welfare and will be investigated further within the network.

Contact: Dr Karl Behrendt

E: [kbehrendt@csu.edu.au](mailto:kbehrendt@csu.edu.au), T: 02 6365 7119

For information about the network see the *agri benchmark* website [www.agribenchmark.org](http://www.agribenchmark.org)



Participants of the 12th agri benchmark Beef and Sheep Conference 2014. Australia's involvement in this research and network is funded by Meat and Livestock Australia, and coordinated by Dr Karl Behrendt, Charles Sturt University and the Graham Centre. The Australian team comprises of staff from MLA and state Departments of Agriculture, market and agricultural consultants.