



Western Meat Packers group general manager Linchon Hawkes (left), Coles fresh supply chain general manager Richard Brown, Agriculture Minister Kim Chance and Harvey Beef chief executive Michael Rappatoni after the announcement that Coles had struck a deal with Western Meat Packers and Harvey Beef to buy more WA beef.

report by
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BEEF producers are hoping a new agreement struck between Coles and two of WA's biggest processors will lead to price increases at the farm gate.

Coles announced last week that it had struck a deal with Harvey Beef and Western Meat Packers to weekly supply 100 head of cattle to the supermarket in a venture that will more than double the amount of WA beef it currently purchases.

The announcement follows

building pressure in recent months on the supermarket from producers who were keen to see an end to the dumping of cheaper, lower quality eastern states' beef in WA and more locally

produced beef hitting the supermarket shelves.

Coles said that Harvey Beef and Western Meat Packers would supply 100 head each a week, with that to increase to 500 head by the middle of the year.

Red Meat Action Group (RMAG) chairman Gary Buller said while the announcement was definitely positive for the beef industry, price would still be an issue.

"The initial volume of 100 head will not make too much of an impact initially, but once they get up to 500 head a week then it will be a good thing from a volume and throughput point of view," Mr Buller said.

"The jury is still out on whether the price they are offering will recognise the producer's cost of production and I have serious doubts that it will."

WA Lot Feeders Associa-

tion chairman Paul O'Meehan said the announcement could only be good for the WA industry and he wished that it could have happened three months ago.

"An extra 500 head a week will help add more competition to the domestic market, but the processors seem to be struggling to get cattle now and it is only mid-February," he said.

"If we had some sort of encouragement, price wise, back in November it would have given lotfeeders more confidence to feed more cattle and there wouldn't be this shortage.

"Costs continue to rise and wheat prices are going through the roof so lotfeeders will need to get something in return to be able to supply this contract."

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Mr O'Meehan said cattle supply levels are only going to get worse.

"There will be a large number of grass fed cattle coming onto the market in the eastern states in the next three months and they are going to be cheap compared to grain fed product," he said.

"WA's seasonality is a weakness in terms of sourcing a steady supply of grain fed cattle, but it is also a strength because there is a high degree of predictability in terms of cattle turn off."

Coles fresh produce manager Richard Brown said the initial agreement was a trial period to ensure that both processors and producers could meet Coles' quality expectations.

"We have put the supply chains in place and we are going to have to train some of those supply chains," Mr Brown said.

"The initial volume means that we have the flexibility in sourcing to ensure our very stringent specifications for quality are met.

"It will build to 500 head per week and any increase on that will depend on consumer demand.

"If the customer wants more we will provide them with more."

Mr Brown said beef producers and the RMAG should be pleased with the announcement.

"We have met with the RMAG and one of their requests was that we start buying more WA beef, so I would expect that

they will be happy with this," he said.

Mr Brown said price increases at farm gates were not Coles' responsibility.

"We buy from processors and the price at the farm gate is set between processors and farmers," he said.

"You have to remember that we don't use the entire carcass.

"There is a large amount of processing that goes on and the higher price cuts such as rump or fillet steak are only a small proportion of the animal."

Mr Brown said they could not buy 100pc WA beef because of the need to offer large volumes of budget meat for specials.

"We cannot always get the right amount of product required for those specials at short notice in WA, so we will still have to bring some product in from over east," he said.

Western Meat Packers group general manager Linchon Hawks said producers would see a lift in prices through the new deal.

"While it is hard to put a figure on where prices will go to, we have already made changes in our buying grid to try and help meet Coles target and that includes giving producers higher prices," he said.

"This is a good deal for everyone involved from processors, producers and the public.

"Consumers, in particular, will have now have access to higher quality beef in Coles supermarkets."

Mr Hawkes, while acknowledging that it was hard to source cattle at certain times of the year in WA, said the processor already had cattle on feed destined for the Coles order.

Harvey Beef chief executive officer Michael Rapattoni said the agreement comes at a good time for the company which recently announced the purchase of a boning room that will allow them to daily process 1000 head

"We have listened to the industry which told us we need to increase capacity," he said.

"We have done that and now the producers need to sit down with us and work out how we can increase consistency of supply throughout the year.

"We need to work with producers to not only grow the industry in WA but also to supply WA beef to WA consumers.

"Many of our suppliers are over the moon with this Coles deal."

Agriculture Minister Kim Chance said Coles had also agreed to support the "Buy West, Eat Best" campaign promoting locally produced food.

"There is no doubt consumers prefer to buy WA grown beef because they can be assured of its quality and freshness," Mr Chance said.

"This is a great deal for everyone and will lead to a more competitive buying situation within the WA beef industry, which is something that has been missing for a long time."