



## Ian Watson

Ian Watson is the current chairman of Hereford Prime and a director of Meat and Livestock Australia. He is also a past chairman of the Australian Hereford Society.

The Watson family conducted the well known Injemira Hereford Stud recently sold as a going concern to the Greening family. The Injemira annual bull sales have been a consistent highlight of the breed.

Injemira has been at the forefront of performance and carcass feedback to guarantee and continually improve the suitability of its genetics for both the export and domestic markets.

In 2003 the Beef Improvement Association of Australia awarded the Howard Yelland award for services to the beef industry.

## HEREFORDS IN A CHANGING WORLD

The biggest change in the Australian Beef Industry in recent times has been the development of Branded Beef.

Traditionally Australia has produced a high quality "Clean and Green" grass-fed beef product.

- Australia is the world's largest beef exporter with some 60% of our production exported.
- Our herd is currently approximately 26 million head.
- Some 1,000,000 head of live cattle are exported annually.
- The number of cattle on feed has increased to a capacity of 850,000 head. 2.1 million were turned off in 2003.

During the latter part of the last decade, brands began appearing.

### How do brands fit in the supply chain?

The push factor comes from the producer and processor and the pull factor comes from the consumer through to the retailer/wholesaler. These relationships are increasingly driven and cemented by Brands.

Let's look at the main participants in this supply chain.

First of all, **the producers:**

Brands provide the opportunity to:

- Value add
- Form supply chain alliances
- Participate in quality production systems
- Enjoy the potential for feedback
- Increase returns

At the other end of this supply chain is **the consumers:**

### Why are they attracted to brands?

- A brand offers a unique set of values and attributes
- A brand is a promise
- In Australia it provides the opportunity to enjoy the benefits of our Eating Quality Grading System (Meat Standards Australia) that guarantees tenderness.

This system will be discussed in detail tomorrow.

Another important component is **the Retailer:**

For them, Brands are:

- A Trademark of product integrity
- A guarantee of quality and consistency
- A guarantee of supply

The first independent Beef Brand in Australia was “Premium Hereford Prime”, established in 1989 by the Australian Hereford Society.

In 1992 the Australian Poll Hereford Society was invited to participate. “Hereford Prime” was launched in 1997 when 664 Hereford and Poll Hereford Shareholder Breeders across Australia were issued with shares.

In 1998 Hereford Prime Limited purchased Lee Pratt, and established quality meat business based in Casino. The MSA Grading system was adopted.

Up to 30,000 whiteface cattle have been processed annually.

By 2002, three other brands were being utilized, including and Organic Brand.

Hereford Prime’s vision is to be recognised as the market leader for the consistent supply of high quality beef. No other company in Australia has the direct support of a large Shareholder Supply Chain intent on supplying the World’s Best Beef from our strong natural pastures.

Fortunately in Australia, we are blessed with a large population of Hereford/Hereford Cross cattle. Their renown eating quality and easy care attributes underwrites their profitability as a major cattle breed.

NOW LETS LOOK AT THE COMPANY BRANDS:

- Hereford Prime – Our Flagship Brand
- Hereford Premium – An Export Brand
- Lee Pratt – The brand purchased with the business in 1998
- ORG-A1 – Our growing organic Brand

Value added products such as sausages, beef patties and mince carry these Brands at retail level.

WHAT IS HEREFORD PRIME?

- It’s a Prime High Quality Grass-fed Product
- Its Hormone and Growth Promotant free
- A brand with natural flavour and eye appeal
- The MSA eating quality system guarantees Tenderness and provides DNA trace-back.

Newsletters are utilized to maintain communication to all participants in our supply chain.

Illustrated here, is the main story in a recent update publication of a shareholder, who supplies cattle and then utilizes Hereford Prime in his Dubbo Restaurant.

The next update page focuses on the strength of our Brand in a client’s retail business in Brisbane.

The meaty morsel column on the right highlights recent events:

- Our prime minister dining on our product at the Washington Ambassador’s Residence.
- The Rural Press Club in Victoria Dining out on Hereford Prime.
- The potential for organic product bred in the outback of central Australia.

In Australia and across the globe, Brands provide an excellent growth opportunity for Hereford Producers.

The Future is in your hands.

Last week there were some exciting changes to Hereford Prime. On 19<sup>th</sup> March, an offer from Johnson Agricultural (an Australian based UK owned company) was accepted by Hereford Prime shareholders to issue a majority of shares in the company.

Hereford Prime will be developed into a global brand. Markets will be developed in Asia, Europe, North America as well as domestic. Turnover is projected at \$100million. There will be attractive advantages for suppliers.

It is an exciting development for Hereford Prime.