

# HUON VALLEY MEAT CO.

Is there a future beyond the business as usual boom and bust of commodity markets?

James Lord – Managing Director

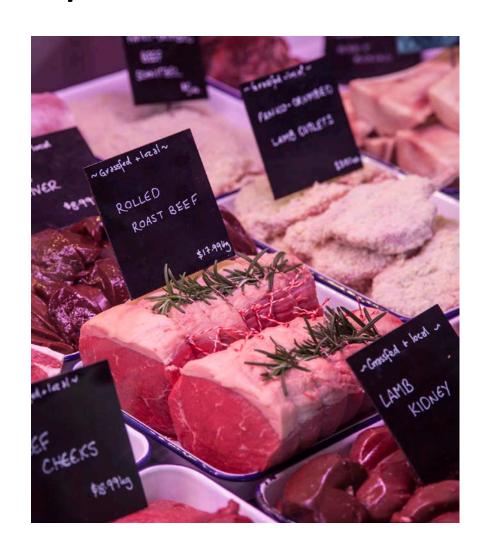


Huon Valley Meat Co.



# COMMODITY | QUALITY

- Two types of markets –
   commodity and quality
- Tasmania doesn't have much choice but to operate at the quality end
- Long way from markets
- Good at producing quality
- We are all doing the right thing already



# COMMODITY MARKETS VS QUALITY MARKETS

#### **COMMODITY MARKETS**

- Sell at any time, and there will always be a buyer
- Operate on a spot basis
- Don't require relationships
- Price is the main attribute

#### **QUALITY MARKETS**

- Operate under different values
- Value consistency of supply, quality, intrinsic values
- Usually long-term arrangements
- Require good relationships
- Price is important but only part of the conversation

#### MANUFACTURING



- Manufacturing vs Agriculture
- Volume of work and margin
- Volume of work in quality markets is harder to find than in the commodity space
- Margin:
  - cost of production
  - managing price risk
- Price stability

#### RECAP

- Tasmania Too small and too far away to compete in commodity markets
- Tasmania good at growing and making quality produce
- Quality Markets operate differently from commodity markets (it's a different culture)
- Quality Markets hard to find, but are long term and seek price stability
- Manufacturing key to success is enough work at a guaranteed price

# THE FUTURE — How To Achieve This

- Long term relationships where both parties benefit
- Collaboration rather than the traditional adversarial scenario of commodity markets
- Recognising that there is more than just price point on the table



### THE FUTURE — TASMANIAN AGRICULTURE

#### Tasmania produces:

- 3 % of Australia's beef
- 3 % of Australia's lamb
- 1 % of Australia's wine

(MLA and Wine Australia)



#### THANK YOU

James Lord
<a href="mailto:james@huonvalleymeatco.com.au">james@huonvalleymeatco.com.au</a>
0439 911 490