

THE LAND

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HD **WHILE the food boom has done wonders for some farm**
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WHILE the food boom has done wonders for some farm sectors the extraordinary battle for Warrnambool **Cheese** and **Butter** being a case in point the nation's largest beef cattle producer has struggled.

For the past five years the Australian Agricultural **Company** (AACo) has reported small profits or losses and has not paid a dividend.

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Since 2009 its share price has fallen 18 per cent while the All Ordinaries Index has gained 50pc.

Not that Jason Strong appears overly worried.

Appointed AACo chief executive officer in January, Mr Strong says he is relishing the challenge of leading the 190-year-old **company**.

"I'd be naive to say there is no trepidation but it's very much a case of bring on the challenge," Mr Strong said.

"It's a big responsibility and if you have a lifelong involvement in the beef and cattle industry it's hard not to have sentiments about the position.

"But that's not bankable. The focus has to be on driving the performance of the **company** over the next 10 years to get us to 200 years."

AACo is the nation's oldest **company**, founded as a land development **company** with the assistance of the British Parliament's Crown Grant of one **million** acres around Port Stephens.

Nowadays AACo runs more than 550,000 cattle over seven **million** hectares in a giant collection of sprawling pastoral properties across Queensland and the Northern Territory.

Before taking on the CEO role, Mr Strong was AACo's marketing executive and prior to that he promoted Australian beef and lamb in Russia and Europe for Meat and Livestock Australia.

He wants to use his experience selling red meat to convince big foreign importers such as Angliss in **Hong Kong** and Broadleaf in the US to **buy** premium beef such as AACo's Master Kobe, Kobe Cuisine and Darling Downs Wagyu range, and its 1824 signature grain-fed beef.

These importers supply high-end restaurants and hotels that need to cater to customers that are increasingly familiar with beef marble scores and the benefits of dry ageing a sirloin for 100 days.

Diners at the Rib Room in Dubai's Jumeirah Hotel will pay \$160 for a 250 gram cut of AACo's Kobe Cuisine tenderloin.

"Our focus will be on capturing revenue and margin from high quality product around our branded beef program," he said.

Mr Strong's ascension to the top job came earlier than expected, replacing David Farley, who was appointed CEO in 2009 but left suddenly last year.

Mr Farley initiated the construction of AACo's biggest project a \$91 million abattoir just south of Darwin due to open later this year.

It aims to give AACo much-needed flexibility in a market where the business has been held hostage to volatile domestic prices, particularly in drought when cattle prices are depressed by heavy de-stocking.

Trucking cattle thousands of kilometres across remote northern Australia to east coast abattoirs also costs tens of thousands of dollars each trip.

Having a meatworks at Darwin will cut transport costs and give the company more options for different types of beef and cattle in the face of volatile markets.

AACo will also avoid paying rivals JBS and Teys to process its meat.

But last year with Mr Farley into his fourth year as CEO cracks began to emerge following crippling drought in northern Australia and the Gillard government's snap ban on live cattle exports to Indonesia in 2011 which wreaked havoc with cattle prices.

The beef industry was struggling.

The arrival in 2010 of chairman Donald McGauchie, the hard-nosed farmer and businessman who took on waterfront unions as head of the National Farmers Federation in 1998, eventually resulted in his decision to find a new CEO.

Last June he told Mr Farley he would be looking for a replacement in the next 18 months.

Mr Farley, also a strong personality, decided not to stick around.

Mr McGauchie rejected suggestions David Farley was dumped due to a clash of personalities.

He said a new boss with new skills was needed and the board was attracted to Mr Strong's deep knowledge of the meat industry, the consumer and meat marketing.

Mr Strong, 44, raised on a cattle property at Gunnedah, has spent his career in the red meat industry, including eight years with animal health company Pfizer.

He said there were no current plans to take an equity partner into the Darwin abattoir venture, but AACo was focused on "building strategic relationships".

He was talking with other northern cattle suppliers to shore up the necessary throughput volumes for the abattoir.

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