

Japanese contract beefs up profit

James Hoban

Japanese company Aleph Inc is taking New Zealand beef to a receptive audience of consumers demanding high-quality, safe, environmentally friendly food.

This enterprise is resulting in trusting partnerships right along the supply chain.

Gary and Tania Coker are in their fifth year farming 360 hectares of rolling land at Dacre, between Invercargill and Gore, after shifting from a starkly different operation in Dorie, on the Canterbury Plains. In Canterbury, Gary was tied to nine irrigators and with school-age children the Cokers decided



Tucking in in a carefully monitored system.
Photo: The Cokers

a change in lifestyle would do the family good. They headed south and haven't looked back.

Gary and Tania have been finishing beef cattle for Aleph since their shift. They have supplied a contract through Canterbury Meat Packers (CMP) which requires a low-input, carefully monitored farming system. Aleph requires low chemical inputs from its suppliers but does not require certified organic farming.

This year the Cokers wintered 600 cattle for the CMP contract. They buy calves each autumn as stores and buy more in the spring. All are finished by the following autumn.

For the past two years the cattle have been wintered in a herd home for June, July and August, but the home provides flexibility to cater for an early spring or a long winter.

This has been a big advance for the Cokers in the management of their farm. Gary says the advantages of the home include avoiding soil damage and improving animal health and welfare during the wet Southland winters.

"We used to lose two or three calves a winter but since we've had the herd home we haven't lost one."

When Tania and Gary first made the move south they wintered the cattle on swedes. This saw growth rates of around 200g/day from an intake of 7.9kg of feed. In 2009, the

first winter with the herd home, the cattle gained an average of 800g/day eating straight silage and were finished to good weights.

This year a mixing wagon has been used for the first time, feeding molasses, wheat straw and silage. Gary says this has been a big improvement and resulted in growth rates up around 1.3kg a day.

Gary says that while there are inevitably a few smaller framed steers who can't be finished above 280kg, the steers have generally been finished to an average weight of 300kg. The heifers have been a bit lighter, averaging around 275kg.

One of the conditions for meeting Aleph supply standards is that whole grain feeding is not allowed, a sign of the importance Aleph places on grass-fed beef for its Japanese consumers.

Gary says that while supplying Aleph beef has required several changes in the way they do things, the biggest benefit of a low-input



For the past two years the cattle have all been wintered in a herd home on the farm at Dacre.

system has been a reduction in costs.

"We used to drench cattle with no real system, just because we thought they probably needed a drench. Now that it's limited we're using faecal egg counts and only drenching if we need to and it's saving money."

A more targeted approach is taken to managing weeds. Aleph will not accept broad-based application of herbicides and Gary says that where once he used to spray a whole paddock, he now uses a carpet wiper for thistles, targeting them specifically and thus saving money.

If entire paddocks are sprayed with herbicide then Aleph's standards require a one-year stand down for stock from that area. The carpet wiper has meant the Cokers

can manage Californian thistles effectively while continuing to meet the Aleph requirements.

One of the conveniences of supplying Aleph as opposed to becoming certified organic is that the restrictions on fertiliser use are relatively minimal.

"Aleph is OK with solid fertilisers but there are stand-off periods for stock once the fertiliser has been applied. With hormone sprays, though, there is a one-year stand-off period."

The cattle must be beef-type animals. Gary says this means the animals they buy cost over \$100/head more than if they were buying dairy beef types.

There are also restrictions around animal health treatments. No growth hormones or antibiotics can

be used. In total, 152 chemicals are banned.

In addition to the Aleph cattle, Gary and Tania run a small herd of 30 or 40 for local trade.

"They clean up any rough stuff and occasionally one of the others will need some antibiotics so we take its blue Aleph tag out and put it in with them."

The Cokers are using electronic tags to monitor weight gain and growth rates, though this is not a requirement of Aleph. Because all their cattle are bought in, they use the information gathered through electronic tagging "to build up a history of suppliers worth following and those that are not".

Suppliers are audited to make sure they meet the standards set by



Aleph. The audit process involves a check on the yards, pastures, and a careful look at the AHB forms which record arrival dates and drenching history.

In 2008, Gary and Tania took the opportunity to travel with other suppliers to Japan. They met the senior staff at Aleph in Hokkaido. Gary says they learned a lot about Japanese culture and tastes, as well as seeing where their beef ends up and how it is presented.

"It was interesting. A lot of it (New Zealand beef) was in hamburger patties and that was quite hard for growers to understand that our steaks had ended up as hamburgers."

Gary says he accepted that as part of Japanese taste but Aleph now served more meat as steak.

"They are perfectionists over there - they have all the steaks the same size, same weight and cook them for the same amount of time at the same heat in the grill so that it's all consistent."



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Everything done in partnership

Canterbury Meat Packers has been supplying Aleph for 10 years now but six years' work went into establishing the relationship before that.

CMP's South Island procurement manager, Myles O'Donnell, says the people at Aleph are fantastic to deal with.

"The Aleph guys are unique in their attitude. They take everything on as a partnership. When you have a problem they actually help you solve it, rather than saying 'I'm the customer - you fix it'."

O'Donnell says that while Aleph is great to deal with, the success of the supply can largely be attributed to farmers like Gary and Tania Coker, who hold up their end of the bargain.

"One thing that is needed to keep customers like Aleph, is you must deliver on time, to specification, and you need to have a no-fail attitude. It comes down to the type of producer you have on these programmes."

Filling the contracts requires farmers to meet exacting standards but the relationship is such that those at the supply end trust their effort will be worthwhile.

"Producers trust CMP to deliver a fair price so they sign contracts. The company targets producers who value partnerships. They also take the time to identify potential Aleph producers before inviting them into the Aleph



■ Tania and Gary Coker inside their Herd Homes wintering shed.

Producer Group. If they are just there for the price they usually exit the programme."

Myles says there is a future for New Zealand producers in niche programmes supplying the likes of Aleph.

"This sort of programme is where NZ needs to head but you need to find a customer that believes in looking after the environment, and they do not grow on trees," he says.

"Most customers want these things but are not prepared to pay."



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NZ beef appeals to the Japanese

Hokkaido, the northern Japanese island, is home to most livestock farming in Japan.

The monsoon climate in the rest of the country largely limits agriculture to rice growing.

Hokkaido is also the home of Japan's largest sheep flock, owned by Taneshi "Tommy" Inada, Aleph Inc's natural conservation team manager.

Taneshi's family flock of 800 is a passion which fits well with his liking for New Zealand. It is mainly a Poll Dorset flock but includes small numbers of 19 other breeds and makes up nearly a tenth of national Japanese sheep numbers.

Taneshi has visited NZ several times as a representative of Aleph Inc and has probably seen more of the country than most Kiwis. He has visited Stewart Island and Codfish Island and, with Aleph funding, has helped to protect the kakapo.

He says Aleph has a holistic view of its place in the world and that while its business is feeding people through restaurants, it focuses heavily on the production of its ingredients and its environmental footprint.

"We got involved in environmental business because we have to understand it when we are running a food business. We farmers and business people have to co-exist with other creatures on this planet."

Aleph was established in 1968 and has annual sales of US\$400 million. Its headquarters are in Sapporo and today the Bikkuri (which translates to "surprising") Donkey restaurants feed 70 million customers a year. Taneshi says that 70% of those customers buy the beef steaks sourced from NZ and Australian beef.

NZ beef has an obvious appeal to the Japanese. With a similar land area, NZ farming has around three times the drymatter yield of Japan. Japanese also faces prices five times those of NZ farmers buying cattle. Aleph stopped buying American and European beef after the BSE crisis and values the food safety attributed to NZ and Australian supply.

Japan has only 1.4% of the world's arable land yet accounts for 47% of the world's agrichemical consumption, (calculated in terms of money spent). Aleph places high importance on the low-input production methods of their Kiwi and Australian suppliers.

The company has hosted 15,000 students this year from Honshu (Japan's main, largely urban island) to learn about grass-based farming.

Aleph is also putting a lot of energy into improving the efficiency and productivity of local farmers. NZ scientists have helped introduce farming practices which are considered basic here but which are big advances in Japan. For example, they have been using break feeding now for 15 years - an advancement they picked up from NZ.