



Chairman's Corner

As previously announced your Board has decided to maintain the pool bonus payable to qualifying members at **5% of the value of livestock supplied** for the third year in a row. This is despite a more difficult season.

One change that will be a significant benefit to some members is that once a member holds a total of 12 shares per qualifying lamb supplied (8 foundation and/or subscription shares plus 4 bonus shares) they **will receive their pool bonus in cash.**

One statistic that always disappoints me is the number of **members who do not hold sufficient shares** to receive their maximum bonus. In an endeavor to overcome this we have included an explanation on the share structure and bonus scheme in this edition of LambLine. Whilst not necessarily the most interesting topic it is essential that members understand how it works if they are to receive the full benefit of their membership. **I encourage you to take the time to read it.**

Another change we have introduced in recent weeks is a **10 cent per kilo price differential to non-members.**

In its early years the Co-operative built up significant tax losses but these have now been recovered and **we are in a taxable situation.**

There are unique provisions under taxation law relating to co-operatives that could assist us reduce our taxation liability significantly, subject to meeting certain provisions, One of these is that **we must transact a minimum of 90% of our business with members.**

We have fallen short of this target and have been unable to take advantage of these provisions, resulting in us **paying additional tax** which, in turn, reduces the cash available to pay producers.

The problem can be easily overcome by **non members agreeing to become members** by taking up 100 x \$1 shares. Payment can be deducted from a livestock payment. Not only will this help ensure more money is available to producers; it will also bring Co-operative membership benefits to these new members.

As an **encouragement to take up membership**, and to help offset the additional costs involved, we have introduced the price differential.

As I have often said **the Co-operative exists for the benefit of its active members.**

For the second year in a row we are experiencing difficult seasonal conditions, although recent rains in most areas have resulted in a more optimistic outlook than existed in July. Never-the-less producers and processors are facing challenging times and I assure members your Board will be doing everything possible to **assist members maximise their returns for lambs.**

I look forward to seeing as many members as possible at the **Annual General Meeting in Kojonup on Wednesday 31 October 2007.**

WAMMCO International AGM

**Kojonup Golf Club
Wednesday 31st October 2007
Commencing at 2pm**

Pasture Forum:

"Opportunities to increase productivity and gross margins through growing and managing productive pastures"

Guest Speakers:

**Leigh Ballard – Ballard Seeds
Paul Omodei – Agrom Management
Rob Warburton – Kojonup producer / Sheep
CRC board member**

**All members are welcome to attend.
RSVP to Marilyn on 92620999 by 29th Oct**

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Disclaimer

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Want to win a share of \$15,000?

Winners of the 2007 WAMMCO State Carcase Competition will share in over \$15,000 in cash and prizes. Members are encouraged to enter the competition, to test the management and genetics farmed and skills of the member and often the agent in assessing appropriate carcase weights and fat scores. The competition, which has commenced, has been extended for receivals until Thursday 28 February 2008 due to the dry start to the season.

As in previous years, **an entry will consist of a minimum of 100 WAMMCO recognised crossbred lambs born in 2007.** Multiple entries, ram lambs, long tails, shorn lambs are all permitted and the lambs entered don't have to be born on your property. The lambs must be nominated as an entry before slaughter and the \$50 (inc. GST) entry fee can be deducted directly from the account sale.

All carcasses will be assessed using the same grids as used in 2006 where **maximum points are rewarded to fat score 2 carcasses weighing 24.1 – 27kg.** Carcasses that are leaner, fatter, lighter and heavier will attract fewer points. Bonus or discount points will also apply depending on the VIAscan loin meat yield.

The competition is sponsored by **Elders, Primaries, Farm Weekly, Milne Feeds, Ballard Seeds, Superior Livestock Services, Moylan Grain Silos** and **WAMMCO.**

All entries are eligible to win a lamb self feeder kindly donated by Moylan Grain Silos.



Ghana experience

WAMMCO maximizes returns to growers by grading our leaner lamb Breast & Flap and sending it countries such as Ghana. The Brand is recognized in this market for its quality and leanness and is sort after by most consumers.

The product is cut into chunks, spiced and salted and sold to local consumers through open air wet market butcher stalls. These stalls are in Accra and smaller inland towns.

It can be seen by the attached photo that the Ghana distributor workers are proud of the Brand and product.



Co-op comment

After peaking at over 88 cents, the A\$ fell back to 78 cents in August - a fall of 11%. Since then it has recovered to current levels at around the 88 cent mark.

The strength in the currency continues to put pressure on FOB (Free On Board) returns with export customers struggling to keep pace with successive increases in CIF (Cost Insurance Freight) selling prices. In fact, some markets are now paying record highs in CIF terms.

This situation is being made more difficult by strong competition from East Coast processors accessing lower cost new and old season lambs than currently being seen in WA. Consequently prices for some products, in particular lamb shoulders, have seen prices fall significantly.

Foot and Mouth Disease in the UK is creating uncertainty in European markets with customers waiting to see the effect of a ban on UK lamb exports. It is expected that **leg prices into France will improve as a shortening in supply takes place.** On the other hand, **the UK market is likely to see extra supplies of domestic lamb, causing a softening in prices.** Overall though we continue to expect a firming of European leg prices leading up to Christmas.

Producer of the Month

Congratulations to the following WAMMCO Producer of the Month awardees;

- August** JM & JL Iffla, Bremer Bay
- July** WT & LY Cooper, Mt Barker
- June** Quintarra Farms, Esperance
- May** Schmedje Bros, Gibson
- April** PJL & PM Bertola, Esperance
- March** Tipperary Farm, Walkaway



Are you getting your share? – Des Griffiths (Chief Executive) & Bruce Ede (Company Secretary)

Many producers are not taking full advantage of the opportunities WAMMCO, as a co-operative, offers them. One of the reasons for this is a lack of understanding on the nature of a co-operative or how it works. **WAMMCO exists for the benefit of its active members**, not the prime lamb industry as a whole or producers who fail to support us. Understanding active membership and how it works is crucial.

WHO IS AN ACTIVE MEMBER?

Article 7 of WAMMCO's Articles of Association requires an active member to:

- a) hold the minimum number of shares (100)
- b) satisfy the patronage requirement (min 100 lambs/yr)
- c) comply with the terms and conditions imposed by the Board

WHAT ARE THE BENEFITS?

Active members have a wide range of entitlements including:

- a) participating in any pool bonus that may be declared
- b) preferential access to available killing space,
- c) preferential access to available forward contacts
- d) voting rights
- e) receiving any dividends that may be declared
- f) participating in any winding up
- g) access to free agricultural advice

WHAT ARE PARTICIPATION UNITS?

The extent of a member's entitlement to any pool bonuses, preferential access to killing space or forward contacts is determined by the number of participation units a member holds. Participation units are issued on the basis of 1 unit for each 8 shares either held, or in the process of being acquired. If the member does not hold sufficient participation units to cover all lambs supplied to WAMMCO any additional lambs will not qualify for pool bonuses.

WHY 8 SHARES FOR EACH PARTICIPATION UNIT?

The ratio is determined by an estimate of the infrastructure costs required to process the member's lambs. In other words we estimate it will require an additional \$8 capital expenditure to provide the necessary infrastructure to process one of the member's lambs. If a member becomes inactive their shares are redeemed and re-issued to new members, ensuring the required capital is maintained. In a co-operative, shares are really like a long term loan.

HOW ARE SHARES ACQUIRED?

Each subscription share has a nominal value of one dollar (\$1.00) and this is the amount payable for each share.

Producers have two options in acquiring shares:

- 1) Pay the full amount in cash upfront and immediately be entitled to receive any future pool bonus declared or
- 2) Acquire the required shareholding over a period of time. This is done by paying cash for the first of the required 8 shares, with the remaining 7 shares being funded from any

future pool bonuses, provided the member qualifies. As an example, a new member wishes to acquire 200 participation units to cover 200 lambs, this will require 1600 shares. The member pays \$200.00 cash for 200 shares. The remaining 1400 shares are issued from any future pool bonuses. There is no commitment to take up additional cash shares.

The cash component may be deducted from a livestock payment. There is no time period stipulated for the acquisition of the additional 7 shares as this depends on future bonuses.

HOW ARE BONUSES PAID?

As well as needing the required number of shares to qualify for any bonus, a member must also pool their lambs. A pooled lamb is one that is supplied over-the hooks, on a weight range and fat score basis, at the weekly scheduled price. An initial payment based on the scheduled price is made with a further distribution being determined after the trading results for the year are known. All other forms of purchase involve pre-negotiation and involve an element of risk being transferred to WAMMCO and thus do not qualify. Although all other forms of purchase are excluded there are currently provisions in place to ensure members holding indexed price forward contracts do not receive less than the pool price (schedule plus any bonus).

Bonuses can be in the form of shares, cash or a mixture of both. Bonuses are taxable in the hands of the member.

CAN YOU INCREASE YOUR SHAREHOLDING?

Yes. In fact, if members are to receive the maximum bonus that may be available, it is essential they review their shareholding to cover any increases in lambs supplied. Additional shares may be acquired in the same manner as a new shareholding (see above).

HOW ARE SHARES DISPOSED?

A member may sell their shares if they can find and agree a price with a purchaser. There is no formal market for the shares. Any resulting transfer is subject to Board approval.

Shares can be redeemed at the discretion of the Board if;

- a) the member has permanently exited the farming industry, or
- b) the member has been inactive for 3 continuous years

Redemption is subject to sufficient funds being available and WAMMCO not holding more than 10% of its share capital. At the discretion of the Board, subscription and bonus shares are currently redeemable at their face value of \$1.00 per share. Foundation shares are redeemable in accordance with a formula that increases the value each year from a base of 10 cents per share (currently 20 cents per share).

MORE INFO?

Contact Bruce Ede, on 92620999 or bruce@wammco.com.au



Editorial

With the season balancing on a knife edge in many regions of the state here are a few livestock reminders.

Over the past few months **AQIS inspectors** have discovered **Ovis (Sheep Measles)** in dramatically higher rates than previously witnessed at the plant. **The life cycle of Ovis only involves working dogs, wild dogs and sheep.** It can easily be controlled by routinely dosing farm dogs every 4 – 6 weeks with Praziquantel and never feeding offal and only cooked or manufactured diets to dogs. **Remember it costs less than \$75/year to dose each dog.**

Full gutted lambs have again become an issue at receipt. **Members must allow stock to empty out**, preferably on a slatted floor for at least **8 hours prior to transport.** During this time it is important that stock still have access to water to minimise dehydrating. Full gutted lambs create potential carcass contamination issues with stained skins rolling back onto carcasses and/or an increased risk of a full rumen bursting and spilling ingesta onto the forequarter. Both require further processing to meet AQIS standards.

There is still some confusion regarding **NLIS requirements** -

- Lambs purchased off-farm and finished on your farm require a pink NLIS tag imprinted with your registered brand.
- All other lambs moved from property of origin direct to WAMMCO for sale over the hooks only need to be ear marked. To ensure traceability within the plant WAMMCO encourages all lambs to be tagged with a coloured year NLIS tag placed in the ear opposite the ear mark.
- All sheep (ie mutton) must be tagged with a tag bearing the owner's brand registered to the property of dispatch.

With barley prices over \$400/T, a series of lamb cost of production workshops will be conducted at the end of the year with **Geoff Duddy – NSW Agriculture and Sheep CRC.** Members keen to examine their cost of lamb production before these meetings should contact Rob Davidson.

Spring is the time for flies and seeds and now is a timely reminder to remove lambs from any seedy pastures and if treating for flies **remember to check the export slaughter**

interval before treating the stock.

Spring is also the **traditional ram selling period** and **members that require assistance in selecting rams** should contact Rob Davidson to discuss their requirements.

Whilst on the subject of rams, members intending to mate ewes before Xmas should start preparing their rams now. The **production of sperm takes approximately 7 weeks** from cell initiation to when viable sperm are available in ejaculates. The **number of sperm produced per gram of testes per day is constant** regardless of the size of the testes, hence, the **larger the testes at the start of joining, the more sperm are available for fertilising ewes.** Testes are responsive to nutrition so supplementation of rams (if required) should start 2 months before the start of joining. **Rams should be fit** and in score 3 condition when joined, any fatter they may not be inclined to work in periods of hot weather.

Rams joined in spring/early summer may not require any supplementary feeding if there is good paddock feed, but, all rams joined in summer/autumn joining, **should be offered 500g/h/d of lupins for the 8 weeks before working.**

What is the optimum joining percentage? This totally depends on whether the ewes are tightly synchronised, if you are joining maiden ewes or potentially using ram lambs. A well prepared healthy mature ram should serve 50 mature ewes (ie 2%) but use up to 6% if the ewes are tightly synchronised or 3-4% if using ram lambs.

Ram health inspection – Ensure all rams used this coming season receive a health check at least 8 weeks prior to joining.

- Jet the poll area and check regularly for fly strike
- Treat for internal and external parasites
- Inspect hooves and trim if necessary
- Rams should be shorn 8 – 10 weeks before joining
- Check the penis, pizzle and testes - testes should feel firm, springy and be free of soft or hard lumps
- Poor teeth will affect grazing and overall body condition

Finally, if purchasing rams this year, buy from brucellosis free accredited flocks.

WAMMCO CONTACTS

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