



WAMMCO International  
A DIVISION OF THE WESTERN AUSTRALIAN MEAT MARKETING CORPORATION

## WAMMCO KEEPS CHILLED LAMB FOCUS

THE first positive benefits of WAMMCO's strategic investment in Southern Meats, Goulburn, are beginning to appear as the global lamb industry suffers its first significant correction for some years.

WAMMCO chief executive officer Coll MacRury said the western and eastern processing/marketing operations were proving entirely complementary and successful in assisting WAMMCO's overall performance by handling different styles of lamb for totally different markets.

He said there had been a significant systems upgrade at Goulburn over the past year and the eastern plant had been processing better numbers of larger lambs than those available in the west to compete with Eastern States and New Zealand processors in their traditional markets.

"The bigger lambs and numbers at lower prices in the east have enabled Southern Meats to compete in markets that are currently awash with frozen lamb products from New Zealand and Eastern Australia," Mr MacRury said.

"In turn, WAMMCO has been able to continue processing up to 12,000 prime lambs per week for its higher value chilled lamb customers and to maintain more stable returns to growers, even though this has been at some cost.

"We could have opted to increase our WA kill over the past few months, but this would have meant stockpiling frozen lamb at an equivalent producer price of well below \$4 per kilogram.

"It may also have meant destabilising WAMMCO's workforce at Katanning,

reducing producer access to a regular kill, possibly disrupting regular supply contracts with our customers and incurring other operating costs.

"By carefully managing the WA kill and closely matching supply to our chilled market demand, albeit at lower prices than previous years, we expect to be able to maintain producer prices at between \$4.20 and \$4.40 in the short term."

Mr MacRury said it could be October 2012 before the global picture for lamb became clear.

"The increase in Australian lamb exports from the previous May record of 14,999 tonnes in 2007 to the May 2012 high of 17,182 tonnes says it all," he said.

"Much of this product is frozen and it is being offered at the wrong times of the year, when consumer demand in our major overseas countries has also dropped probably by 20-30 per cent.

"The Australian dollar has come back a few cents, but we really need to see mid 80s or lower to have any beneficial impact."

Mr MacRury said WAMMCO was hoping to see some upside in its major chilled lamb markets by early spring when the stocks/demand equation would begin to emerge.

"Lamb producers are already looking for forward price signals before they commit to the next production season and we would not want to see production levels affected by any major loss of confidence," he said.

Mr MacRury said the WAMMCO board had opted to take over Southern Meats



Coll MacRury.

because it saw an opportunity to offset the declining lamb production trend in WA.

"The synergies between west and east are still developing, however Goulburn will definitely add value to WAMMCO shares this year while producers in the east are beginning to see value from our systems," he said.

"There has been some interchange of staff and expertise, the most recent being the appointment of Southern Meats skin marketing specialist Mathew Craig to assist with the marketing of WAMMCO skins.

"But the real value in WAMMCO's national spread of investment – an increased ability to manage risk in hard times – will certainly apply this financial year."

## LOCAL APPRENTICES JOIN WAMMCO

FORMER Katanning Senior High School students Ashley Kleeman (left), Katanning and Chris Taylor, Broomehill, have joined WAMMCO's maintenance team as mechanical and electrical trade apprentices.

Ashley and Chris were pictured in the engineering workshop at Katanning last week with WAMMCO engineer Kim Johnson.

The Co-operative will also provide business sponsorships for four skilled South African workers who will start work at the plant shortly.

The two electricians and two metal trade workers will be under 457 Visas which require them to work a minimum of four years with WAMMCO at Katanning.



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## Carbon tax could cost WAMMCO \$300,000

WAMMCO has progressively increased the efficiency of its Katanning processing plant to stay below the Federal Government's 25,000 tonne per year carbon pollution threshold.

However the Co-operative is now bracing for the heavy cost increases being imposed by supply companies that have been caught in the carbon tax net.

WAMMCO's Katanning manager Tony Bessell said his early estimates were that non-refundable cost increases imposed by supply companies from July 1, 2012, could total more than \$300,000.

"These carbon tax costs are being passed on by suppliers who do qualify for the tax, and who include suppliers of everything from our electricity and gas to the cartons in which we export our product," Mr Bessell said.

"WAMMCO's Katanning plant power costs alone will increase by more than \$170,000 a year while our annual account for cartons is set to increase by more than \$12,000.

"That is extra funding the Co-operative will have to find, with the ultimate result that our global competitiveness will

be even further impaired at a critical stage for the meat processing industry.

"We are continuing to explore new systems to keep the Katanning plant below the carbon tax threshold and recently appointed Murdoch University graduate Claire Ward to manage a new clean technology project in partnership with the Forest Products Commission."

Mr Bessell said the new carbon tax and its flow-on impacts were a key topic of discussion at the Australian Meat Processors Conference he attended in Sydney last month.

"Some of Australia's largest meat processors will be required to pay the new carbon tax and they are trying to calculate how this will impact on them, while also seeking new ways to control and reduce their carbon emissions," he said.

"The whole carbon tax issue is proving a nightmare for Australia's meat processing industry and it would not be surprising if there were some casualties."

## New role for Rob Davidson

**ROB Davidson will continue to co-ordinate WAMMCO's annual carcass competition and consult with producer members on nutrition and general animal management.**

**But from July 1, Rob will also become an integral member of WAMMCO's purchasing team.**

**WAMMCO chief executive officer Coll MacRury said Rob had played a significant role in upgrading WA's prime lamb industry and in helping many individual members to make their lamb enterprises more profitable.**

**"Rob will continue to be available to producers seeking such advice, but as a new member of WAMMCO's livestock purchasing team, he will be focussing on assisting producers in the Upper Great Southern and South Eastern wheatbelt to market their lambs," Mr MacRury said.**

**"He will be working directly with Peter Krupa and Wayne Radford to extend our livestock purchasing services statewide and will continue to liaise with me on member extension and public relations projects."**



Rob Davidson

## MERINO MOTHERS STILL 'AVE EM'

**Q:** What do former WAMMCO director and Mt Barker producer Bruce Wright and Producers of the Month for May, 2012, Bruce, Chris and Garrett Browning, West End, Kondinin, have in common?

**A:** Both producers have retained Merino ewe breeding flocks as the base for significant prime lamb production and are now reaping the rewards of a stabilising wool market as well as their returns from lamb.

Bruce Browning and son Garrett have an MPM breeding flock of Merino ewes and use Prime SAMM rams in their crossbreeding program.

The Brownings were pictured inspecting some of the lambing mothers on their Kondinin property last week and are featured as the WAMMCO Producers of the Month on page 70 of this week's *Farm Weekly*.

Bruce Wright has also maintained a profitable Merino flock to underwrite the annual production of about 7500 Merino – Poll Dorset lambs each year and was featured in last week's *Farm Weekly*.



Garrett (left) and Bruce Browning, Kondinin.