



A year for true believers

With prime lamb producers suffering two years of poor seasonal conditions in many areas and high prices for alternative commodities, which are an important part of the input costs to livestock finishers, **it has been a year for the "true believer"**.

The long term outlook for lamb is positive with steady demand world-wide and falling production, although high volume offerings out of eastern Australia and an appreciating Aussie dollar have had a dampening effect on livestock producer returns so far this year. With good rains through most of the eastern states producers there are expected to hold onto their stock resulting in lower turnoff with **less product becoming available**.

MLA is predicting the lamb kill Australia wide to be down 8% in 2008. The figure for Western Australia is more likely to be around 25%. Nearly all the reduced production will be from the export market with domestic production remaining steady. Whilst this will make it tough for processors the supply/demand equation should see **increasing prices for producers**.

Generally there is a "lag" time between factors affecting production flowing through to market prices, but inevitably they do. WAMMCO is acutely aware that **if producers are not viable they are not going to be in business long**. We are looking for ways to lift returns under current conditions but there still can be some short term pain incurred by both producers and processors whilst markets adjust.

The anticipated difficult supply position through winter is already reflected in the guaranteed minimum price offered in our forward contracts. **These are up to \$4.10 per kilo** in June to August. Whilst we would like to see these prices higher given the cost of grain supplements, producers must remember these are **guaranteed minimum prices** and if our schedule, which better reflects the spot market price, is higher they **will receive the higher schedule price**. There is also the potential to receive a member pool bonus at the end of the year.

All markets and commodities have cycles, where supply and demand move out of sync and prices react accordingly. No doubt this is true of today's "boomers". The fundamentals of the prime lamb industry remain sound and the "true believers" can look forward to better times ahead.

Producer of the Month

Blythswood lambs from the Ongerup property of Robert and the late David Hooper, have won the family's second WAMMCO Producer of the Month title in two years – for February 2008.

This year's title was for 378 SAMM/Merino cross lambs with an average carcase weight of 23.86 kg for an average per head of \$83.90.

Robert Hooper said he and wife Kylee were carrying on the lamb enterprise with little change to the formula started by

his father eight years ago when he purchased rams from the Gracefield stud of Rocco De Bellis at Katanning, to become one of the first commercial users of SAMM rams in WA.

"We continue to achieve good results with Gracefield rams, and we are still mating in November/December and weaning about 1200 crossbred lambs onto lucerne paddocks," Robert said. About one third of the 5,000 Merino ewes on the Ongerup property are mated to Gracefield SAMMS and the remainder to Merinos.

"We select the older ewes for mating to SAMMS for greater ease of lambing, and are lucky to have keen staff to assist with the lamb enterprise," Robert said.

Mike Moore of Landmark Gnowangerup is responsible for negotiating supply arrangements for the Blythswood lambs to WAMMCO at Katanning.

A feedlot built on the property two years ago has yet to be used because the lucerne paddocks have sustained the annual crop of lambs.

About 800 hectares of lucerne is grown and grazed on a five year rotation as part of a 3,300 ha annual wheat/canola/barley cropping program.

"There are no plans to increase the cropping 'mix' at this stage because we regard our sheep enterprise as valuable 'protection,'" Robert said.



Robert and Kylee Hooper catch up with WAMMCO Skin's Manager, Peter Fowler at Wagin Woolarama

Congratulations to the following WAMMCO Producer of the Month awardees;

- January '08** PA Tucker, Salmon Gums
- December '07** GA Galloway, Newdegate
- November '07** Rob O'Halloran, Kojonup
- October '07** Ross O'Keefe, Gnowangerup
- September '07** Phil Anderson, Tambellup



L A M B L I N E

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Chairman's Corner

The Co-operative has been fortunate to have a capable CEO in Des Griffiths. Our current strong position and leadership in the WA prime lamb industry reflects the dedication and ability of Des and his team. After 35 years in the meat industry Des has decided to try a "sea change" in his life and **we are currently in the process of recruiting a new CEO**.

The overriding concern of the Board is that we recruit the correct person and this is more important than the timing. We would like to see the change-over completed by the beginning of the new financial year in July **but we will take whatever time is required to ensure we have the best person**. We are fortunate Des is flexible on the date he finishes.

The Board has been very pleased with the outcome from implementing differential pricing between members and non-members and we have signed-up just under 400 new members. This is a great result and we are **now achieving**

Forward Contracts

Members willing to feed crossbred and Merino lambs should be aware WAMMCO has released the following guaranteed minimum prices for April – August 2008.

Crossbred lambs receive the higher of the guaranteed minimum or crossbred schedule price so long as a minimum of 80% of the consignment meet contract specifications

	Fat score 2 / 3		Fat scores 2, 3 & 4	
	20.1 – 22kg	22.1 – 24kg	24.1 – 32kg	
April	340	360	370	
May	360	380	390	
June - Aug	380	400	410	

Merino lambs receive the higher of the guaranteed minimum price or crossbred schedule price minus 30c/kg.

	Fat scores 2 & 3	
	20.1 – 22kg	22.1 – 32kg
April	310	330
May	320	340
June	320	355
July - August	320	370

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the targeted 90% of business with our members, which will benefit us in future years.

Our carcase competition presentation day will be held at Katanning on 27 March and **I look forward to seeing as many members as possible there**. The competition is not only the richest of its type in Australia in terms of prizes but, more importantly, allows each entrant to benchmark themselves against their competitors. This provides valuable information which the producer can then use in their business. We have had a record number of entries in the competition, which is pleasing given the difficult conditions producers are experiencing.

I believe the Board needs to identify a pool of talented members who are **interested in taking on the challenge of being a Board Director** in future years. The on-going success of any Co-operative starts with the quality and commitment of its Directors. If you have any interest please contact one of our current Directors or myself.

All WAMMCO members are invited to the
2007 WAMMCO State Carcase Competition Presentation Day

Thursday, March 27, 2008
Katanning Country Club, Round Dr, Katanning
Commencing at 2.00pm

Guest Speakers:
Tim McRae, MLA economist and author of Australian cattle and sheep industry projections

RSVP by Tuesday, March 25, to Marilyn 08 9262 0999

Farm WEEKLY

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Co-op Comment

The **A\$ appreciated sharply** during the past month with levels against the **US\$ reaching 94.87 cents**. Similarly the **A\$ against the Pound reached a 10 year high** climbing to 47.72 cents, the highest since September 1997. While current levels have come off modestly, the high exchange rate continues to hamper FOB returns, despite what are historically high CIF (Cost Insurance Freight) levels.

In the US market we are receiving regular reports that retail sales are under pressure as **consumers are impacted by the slower economy, weaker stock market and high debt levels**. This is creating a downturn in demand for higher priced proteins with some retailers advising a 15% drop in sales in lamb and high quality beef cuts during the current period. The consequence is a reduction in forward orders for legs, loins and racks.

Conversely in the **EU prices and demand for lamb have increased** in past weeks flowing from a ban on imported beef out of Brazil as from 1 February 2008. **The EU has ruled that Brazilian farms do not have adequate traceability systems in place and has suspended imports**. This has created a shortage of beef coming into the market, particularly impacting the UK. Consequently prices for chilled and frozen lamb legs have risen to historical highs. Unfortunately the high A\$ is taking away much of the benefit, with FOB returns on legs alone reducing carcass values by some \$3.20 per head when compared to similar selling prices when the currency was more favourable.

In the Middle East, WAMMCO's Marketing Executive, Albert Baker has just returned from the Gulf Food Expo in Dubai.

Editorial

With early crossbred lambs already being born, it is time to review current levels of supplementary feed being offered to ewes. Good nutrition, be it grain or green feed during the last 2 months of pregnancy ensures optimum birth weights, increases the chance of lamb and ewe survival, maximises colostrum and milk production and promotes early growth.

Ideally ewes should be pregnancy scanned be it wet and dry or determining foetal number (ie dry, single or multiple). This way precious grain can be offered to the ewes that need it most – ie twin bearers and dry ewes can be sold as mutton, left dry for the year or even rejoined after a short period of increased levels of supplementary feeding to lamb later in the year. Ideally all grains and roughages should be analysed to ensure adequate levels of nutrition are being supplied.

If the above seems too hard then assuming the ewes weigh 55kg, you wish to maintain them in score 2.5, we assume there are 75% single, 15% twin and 10% dry ewes, there is still a reasonable cover of paddock feed and you are

Until recently this large food exhibition was a bi-annual event but with **90% of the regions food and food related requirements being imported**, such is the demand that the show has shifted to an annual event. This year saw a further 20% growth in exhibition space and encompassed 20 exhibitors from the Australian red meat industry.

The visit provided time to meet with importers as well as hotel and restaurant chefs who utilize WAMMCO products within the region. WAMMCO's distributor for chilled lamb cuts recently moved to a new state of the art cold/freezer Distribution Centre at Jebel Ali 2 industrial sector and time was taken to inspect the facility.



Ashok Malhotra (Managing Director, Elfab Co L.L.C), Albert Baker (Marketing Executive, WAMMCO) and Ahuja MS (Marketing Manager Elfab Co L.L.C)

offering them a 70:30 oat:lupin grain mix then by day 100 of pregnancy the ewes will require approximately 700g/h/d of grain mix and by day 130 of pregnancy the requirement increases to 900g/h/d.

These feed requirements will alter if ungrazed stubbles are still available, when new season pasture germinates (preferably not grazed until pasture reaches 1000kg FOO), if the ewes are grazing perennial pastures or if they are confined rather than being run in paddocks. Members are encouraged to contact Rob to fine tune their ewe feeding requirements.

WAMMCO Info Day
Dymesbury Lodge Function Centre
789 Chester Pass Rd, Albany
Thursday 10 April Commencing at 5pm
RSVP: Rob 0429380195
All members welcome.



Capital Improvements at Katanning

In 2006 WAMMCO committed to Stage 1 of an upgrade to its by-products processing facility. That work is now complete and meets the latest hygienic rendering requirement standards.

After 12 months of planning, on site work started in October to remove the old plant and install new processing equipment. The main components replaced were the raw material handling and storage systems, new cooker and conveying systems to the meal and tallow processing plants, major repairs to the building and all new electrical wiring. The installations of an odour capture and treatment system as well as improvements to the thermal efficiency of the plant were also major parts of the upgrade.



Raw material storage at Katanning

For four weeks during the upgrade raw material was transported to off-site facilities for processing. Commissioning of the new systems started on December 15 and by December 20 the new plant was fully operational.

The benefits of the upgrade include faster processing of material, improved efficiency and product quality, better working conditions and most importantly a major reduction in the odourous emissions from the plant that have bothered Katanning's residents for many years.

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Odour treatment at Katanning

While the upgrade addressed major issues with this part of the operation and was the largest single investment for upgrading the by-products facility, more work is planned to further enhance the operation in the near future.



By-products control area at Katanning

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