

WAMMCO LambLine

October, 2015, Issue 29

Chairman's message

What a difference a month without any substantial rain has made to the outlook for the coming summer and autumn in sheep farming. Around mid-September we were all thinking we had got out of jail with the season and although most of the state didn't have a lot of moisture in reserve, by the law of averages, a reasonable Spring should not have been too much to expect. Instead we have finished the season with one of the driest and warmest September and October's that I have experienced in my life time.

This has challenged the management strategies of many producers to find a way through the next 6 or so months with water and pasture feed being short in a lot of areas. There will be opportunities for selling unfinished lambs to be fed on and also agistment opportunities as the harvest will be an early one this year and the quality of the stubbles should be good because of the dry finish. If you need help in any of these areas don't forget Rob Davidson our Supply Development Manager is always on hand to give advice and help to all WAMMCO members free of charge. Rob has a very sound knowledge of sheep nutrition and along with Livestock Representatives Peter and Wayne, they can assist members in the sourcing or moving of unfinished store lambs.

I would like to thank shareholders for returning me unopposed to the WAMMCO Board. Looking back over the 16 years that I have been on the Board, 15 of those as Chairman, I get a great sense of satisfaction and a feeling of achievement. I think about where we have come from as a struggling Co-operative on the verge of bankruptcy, after the first 12 months of operation, to now a rock solid business, extremely sound financially and ready and well prepared to take on whatever is needed in the future.

Paying out over \$9 million in rebates to members in the last 3 years speaks volumes for the quality of management at WAMMCO. This along with the long term planning and approval of capital works by the Board is a strong indicator of a Co-operative operating at near peak efficiency. I see no reason why the Co-operative should not continue on going from strength to strength as long as members keep supporting it with their livestock and keep putting forward and electing capable and progressive Directors to manage the Co-operative's affairs.

In closing may I take this opportunity to wish members all the best for the coming season as they plan and navigate their way to a better and brighter 2016. I look forward to meeting many of you at our Annual General Meeting at Kojonup on the 28th of October.

Regards,

D Bradford

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Chief Executive report

The earlier payment of \$3.6 million in pool bonuses to members in August – to take total bonus payments over the past three years to around \$9 million, has hopefully been welcome, especially for WAMMCO members impacted by the dry seasonal conditions.

In WA we are currently at our seasonal peak which sees the plant working overtime and regular Saturday processing. For members looking for pricing signals I would urge all to take advantage of our guaranteed minimum priced lamb forward contracts for January 2016 deliveries.

At Goulburn, the first three months of the new year (season) saw lower numbers resulting from a slow start to the season. Processing volumes have improved recently and prospects till Christmas and beyond are more optimistic.

Major upgrades of our freezer complex at Katanning and our boning room at Goulburn are now at an exciting stage. Goulburn is already building on the new efficiencies of updated technology, with

further improvements occurring as the new systems are fine tuned. The new freezer complex at Katanning will be operational early in 2016 with many significant improvements to the product supply chain.

WAMMCO's sales to North America have continued to underwrite the top end of the market while the Middle East and lamb legs into the UK are assisting our viability however China continues to be subdued.

There has been recent talk of new negotiations between Australia and Europe in relation to a new trade agreement and I hope to discuss the issue at the October 28 AGM at Kojonup. Any breakthrough with access to Europe for Australian lamb would be of major consequence to WAMMCO. Europe has been virtually closed to Australian lamb with an annual limit of 19,386 tonnes, while New Zealand has enjoyed a quota of 228,254 tonnes each year since the Common Market started. We will be strongly supporting any initiative to correct this serious anomaly.

2015 WAMMCO AGM

Members are invited to attend the 2015 WAMMCO Annual General Meeting.

Details are as follows;

Date: Wednesday 28th October 2015

Venue: Kojonup Golf Club, Blackwood Rd, Kojonup

Time: 3pm

Guest Speaker: Mr Geoffrey Bilney (WAMMCO member and Kojonup feedlotter) "Protocols and pitfalls for successful feedlotting"

Refreshments will be available following the meeting

Skin market

Skins Manager, Matt Craig reports the new season lambskins to date have been excellent in quality, but as the season is starting to deteriorate we will start to see a lot of seed. The problem will be the levels we are currently seeing is on the back of being seed free for the footwear, garment lining market and double face markets. The seedy springers will come back a long way in price because of lack of demand and the tanners having very little sales if the skins are not seed free.

Sangpo village has been closed since mid September because of water issues. The Sangpo tanners are the biggest buyers of Australian sheepskins in the world. Also the shoe lining market has been non-existent for about 18 months.

The northern hemisphere in particular Russia is still in political unrest. The currency there is also a worry, and in general Russians have no money at the moment. They are the biggest buyers of finished skins in the world because of their

climate. The Chinese rely on them heavily. The Chinese domestic market in the past 12 months has helped in the absence of the northern hemisphere. But again everything in China is starting to come to a halt.

Short wool sheep and lambs are very hard to sell as most are destined for shoe linings.

The 1-2" and 2-3" Merino sheep have received strong support on back of the wool market.

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Katanning news

The Katanning processing plant has enjoyed a very busy start to the new processing season. Lamb weights have been very close to last year, despite dry conditions with an average per head of 21.3kg. Twenty percent of our kill this year has been mutton with heavy weight mutton representing one third of the mutton volume slaughtered at an average carcase weight of 33.7kg.

A new enterprise agreement for our maintenance employees was negotiated recently, and has now been registered by the Fair Work Commission. It will operate for the next three years, increasing certainty and flexibility for both employees and WAMMCO.

There has been less favourable progress with a new fees proposal from Water Corporation and we are awaiting the outcome of a 'show cause' action we have

lodged, seeking justification of the heavy increases in charges they have proposed. Every increase in our water costs is automatically transmitted to the \$ per head cost of processing – with highly negative impacts right down the line.

The Katanning plant recently farewelled Rodney Nicholson as Boning Room Supervisor after several highly effective years in the job. Sakhi Rustami, who joined us 12 years ago on his arrival from Afghanistan, was chosen as Rod's replacement and has already settled into the role. A range of products for a new WAMMCO client in Singapore were amongst contracts needing Sakhi's recent attention and the return to Saturday shifts through to Christmas will test the new supervisor and his team.



New boning room Supervisor Sakhi Rustami

Segments of the new variable retention tunnel have recently arrived at Katanning ready for installation in the new product conditioning complex (see photos below). We are on schedule for an opening of this facility after Christmas.



Lairage reminders

WAMMCO livestock receival times are

Mon—Thurs 5:30am—3pm

Sun 6:30am—noon

If you are experiencing any problems with deliveries please contact Phil Bolt on 0418758219.

Requirements

- Stock must have correct coloured ear tag
- Use pink tags for all transactional stock
- Accurately complete NVDs
- Adhere to ESIs for any animal treatments

Presentation of livestock

- Don't crutch over the top of the tail
- Crutch faecal and urine stains
- Don't send wet fly blown stock
- All stock must be "fit to load"

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Second POM win for Tyrrell's

Brendon and Ros Tyrrell have made relatively few changes to their prime lamb enterprise east of Scaddan, since they last won WAMMCO's Producer of the Month award in January 2013.

"The main change is that we are now using more White Suffolk rams over an increasing percentage of third cross SAMM ewes, to produce lambs like those that have just won WAMMCO's September 2015 title for us," Brendon said this week.

The Tyrrell's Swandale Investments consigned a line of 260 SAMM/White Suffolk lambs that averaged 22.12kg to return \$113.76/head including skins. The lambs were processed at Katanning on September 30 and included a good percentage of top rated carcasses, with some returning over \$139/head.

Brendon said early June was looking grim, when 80mm of rain over five days from June 20 kicked crops and pastures to life. Good follow-up rains in July and August secured the season with clover based pasture paddocks easily accommodating the 900 SAMM cross and 300 Merino ewes and their lambs.

The Tyrrell family have maintained their WAMMCO shareholding to match their turnoff and have welcomed the bonus issues delivered by the Co-operative over the past few years.

"We are hoping WAMMCO can keep lamb prices around \$5/kg and are surprised that more producers are not taking advantage of the solid returns.

"Our dipping contractor recently reported a small gain in district numbers, but we are still amongst very the few lamb producers within a 50km radius of here," he said.

A dispersal sale for Esperance Rural Properties in 2003 assisted Brendon and his father Greg to switch their sheep enterprise from Merino to SAMM.

They continued buying SAMMs from Mick and Todd Quinlivan's Quintarra SAMMs, before moving to Haydn and Mark Edward's Rockdale SAMM stud which was purchased by Simon Kerin, Katanning three years ago.

Nathan Ditchburn's Golden Hill stud at Dumbleyung has been the source of White Suffolk rams, servicing 300 third cross SAMM ewes. The prime lamb flock is self supporting with first and second cross ewe lambs being kept each year.

The family has maintained an enterprise mix of 2,600ha cropping to 700ha of pasture and counts on stubbles and good seasons to prepare their lambs if possible without supplementary feeding. Greg also maintains a flock of around 300 Merino ewes as well as keeping watch on the prime lamb enterprise.

Sales of lambs have been managed for the past four years by Barry Hutcheson of Primaries Salmon Gums.



Since their last POM win, now three year-old son Ethan has been joined by little sister Aleisha, who is nine months of age.

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International Meat Markets

A strong program of chilled lamb leg and middle sales has commenced into Europe and North America for Christmas. Sales returns are buoyant and good volumes have been confirmed for production over the coming 4 weeks. Similarly strong chilled lamb sales are continuing into the Middle East. WAMMCO's strong association with key chilled programmes in various markets help the Co-operative maintain good channels of supply at positive returns for the majority of our lamb.

Demand and returns for frozen product however are in contrast with chilled sales. Prices and forward sales for frozen products are more subdued. High frozen inventories in Europe, China and the USA, combined with increasing supply from Australia are having a dampening effect on demand. Customers are restricting forward sales to smaller volumes and at lower prices whilst taking a view that prices may come off further.

Demand remains un-seasonally low in China where previously high demand for lower value cuts has declined. Typically this relates to fat and bone type products. Demand for WAMMCO's leaner style lamb flaps is still positive, though prices are lower than previous years. Overall the revenue generated from this portion of the animal is making less contribution than in previous years. Overall sales to China out of Australia are well down on last year with year-to-date lamb volumes down 23% and mutton down a substantial 40%.

WAMMCO and Southern Meats (SML) attended the ANUGA trade fair in Germany during October. Positive customer meetings were held with a full range of customers from Europe, China, South East Asia, the Middle East, Russia and Africa. Compared with previous events, the fair was quieter than normal with reports that less visitors attended the fair overall. Feedback confirms that WAMMCO retains strong support for the quality of the brand and continues to attract a premium over other fatter style products.

Pictured here are representatives from WAMMCO and SML meeting with visitors to the fair from China. Several Chinese importers reported that there has been an increase in grain feeding of domestic livestock in China which is assisting local producers to increase supply as well as to extend their supply season.



While in Germany it was an opportunity to sample some of the famous German sausages the country is renowned for. Pictured below is a German pork sausage that was manufactured using a lamb casing supplied by WAMMCO. WAMMCO lamb casings (or intestines) can be as long as 36 meters and are primarily sold into Europe for sausage production. Natural casings are under some competition at the present time from manufacturers of artificial or synthetic casings that are increasing supplies at lower prices. However, traditional sausage makers and consumers still prefer a natural casing in terms of taste, texture and mouth feel.



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Murdoch University is seeking members interested in—

‘Unravelling the impacts of mob size and stocking rate on lamb survival’

Improving weaning rate is an important driver of the profitability of sheep enterprises given current lamb prices. A survey of Victorian farmers suggested that lamb survival decreased by at least 0.5% for each extra lamb born per day within a flock. Hence, the existing guidelines of 100 to 250 twin-bearing adult ewes per flock could represent a range in weaning rate for twin-bearing flocks of 15%. This study will therefore investigate the effects of mob size and stocking rate on the survival of twin-born lambs. It will involve 60-70 sites over 2 years on commercial farms across Australia and New Zealand.

Study design

We are seeking 10 sites to participate in this study between late pregnancy and lamb marking in 2016. Each site will involve 4 paddocks, with similar characteristics, and a total of 750 (± 200) twin-bearing ewes. Within each of the 4 paddocks a different combination of mob size (high: 250 ± 50 ewes or low: 100 ± 50 ewes) and stocking rate (high or low) will be investigated. The stocking rates will vary at each farm depending on the normal stocking rate, seasonal condition and pasture availability. If possible, the high and low stocking rates will be 50% above and below the normal stocking rate. Temporary fencing can be provided and set up by Murdoch University to achieve the necessary paddock sizes if required.

Further information

Farmers who would like to know more about the study or who are interested in hosting this study on their property in 2016 are encouraged to contact Amy Lockwood or Dr Andrew Thompson.

Amy Lockwood

Email: A.Lockwood@murdoch.edu.au Ph: 0429 976 483

Dr Andrew Thompson

Email: Andrew.Thompson@murdoch.edu.au Ph: 0437 316 117

| Paddock 1 | Paddock 2 |
|-------------------------------------|------------------------------------|
| High mob size High stocking rate | Low mob size High stocking rate |
| Paddock 3 | Paddock 4 |
| Low mob size Low stocking rate | High mob size Low stocking rate |

2015/16 WAMMCO State Prime Lamb Carcase Competition

Entries have already been received for the 2015/16 WAMMCO State Prime Lamb Carcase Competition. To date over 5000 lambs have been evaluated in a positive start to the competition given the tough seasonal conditions.

The competition remains open through to Friday 27th May 2016 and this year's prize pool consists of \$20,000 worth of cash and donated products. This year the competition is being supported by Farm Weekly, Primaries Zoetis, Gallagher Animal Management, NAB Agribusiness and Milne Feeds.

Entry requirements:

A minimum of 100, 2015 born crossbred lambs consigned by WAMMCO members plus an entry fee of \$50 is required per entry.

Multiple entries are permitted and encouraged. Long tails, ram lambs and lambs not born on the property of origin are all permitted.

Categories:

- Overall heavy weight,
- Trade weight (average consignment weight 18.1 – 21kg),
- Large consignments of 300+ lambs,
- Best result for traditional first cross lamb
- New Season lamb (unshorn lamb processed before 11th December)

Entry forms will be regularly printed in the Farm Weekly or are available from members of the WAMMCO Livestock team or on line at

www.wammco.com.au

For more details contact Rob Davidson—0429380195

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Markets Accept Only Current LPA NVDs

Red meat producers will need to ensure they have the current Livestock Production Assurance National Vendor Declaration (LPA NVD) form from **16 November 2015**, as all older forms will not be accepted under the LPA. The current LPA NVD will be required for movements of all LPA accredited livestock (sheep, lambs, goats and cattle), including property to property, through saleyards, direct to processors, feedlots, and to the live export trade.

The phase-out of all versions other than those labelled 0413, which has been available since December 2013, is being driven by expectations from international markets. The decision has been driven by industry through SAFEMEAT—a partnership between the red meat and livestock industry, including producer representatives, and the state and federal governments of Australia.

With 54% of lamb, 97% of sheepmeat, 70% of beef and 95% of goatmeat being exported, Chairman of SAFEMEAT, Ross Keane said the decision was necessary to meet domestic and importing country requirements. “The LPA NVDs play a key role in supporting and promoting Australia’s reputation as a reliable supplier of safe, residue free meat and meat products to domestic and international markets,” Mr Keane said. Almost 70% of producers are already using the most current version of the LPA NVD. Mr Keane said this uptake of the latest version showed producers understood just how important the LPA NVD is to the industry. “This decision means those small number of producers who are still using old forms will need to obtain the latest LPA NVD version so that our LPA NVD system consistently delivers what our international customers require.”

What do producers need to do?

If you are using the current LPA NVD you need to do nothing. If you are unsure, check your LPA NVD book. The LPA NVD version number can be found in the top left hand corner of each LPA NVD.

Have a different version?

The order a new hard-copy LPA NVD booklet online, or purchase electronic NVDs at—<http://lpa.ausmeat.com.au/>

Livestock reminders

Keep your weaners growing through summer

- Ensure weaners are fully vaccinated
- Teach weaners to eat and recognise supplements before weaning
- Introduce grain supplementation slowly
- Use lick feeders to supplement drying pastures and stubbles
- Supplement lambs with Vit E 2 months after green feed has senesced
- Order Vit E requirements early
- Monitor worm burden by faecal egg counts and drench if required

Preparing for a successful joining

- Aim to have all ewes at condition score 3 at joining
- Draft off and preferentially feed ewes below score 3 before joining
- Avoid shearing ewes within 2 weeks of joining as it can disrupt cycling activity
- Cull ewes with udder deficiencies (missing 2 viable teats)
- Conduct a health check on rams at least 8 weeks before joining
- Supplement rams for 8 weeks prior to mating to maximise sperm production and thus number of ewes served.

| WAMMCO Perth Office | Livestock contacts | | Disclaimer |
|---|---------------------------|------------|--|
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