

# WAMMCO LAMBLINE

December, 2013

Issue 24

## CHAIRMAN'S COMMENT

As the 2013 year draws to a close, I look back at the year that has certainly been mixed. Results have ranged from the best ever down to below average and it seems unfair that whilst most of the state enjoyed a very good season some areas missed out.

WAMMCO had its most successful year yet. The strong combined result of the Katanning and Goulburn plants has placed the Co-operative in a very strong and sound financial position.

The first half of 2013/14 has also been very good at both plants with record kills of over 23,000 per week being achieved on a number of occasions. These record kills at Katanning in particular have allowed us to catch up by the middle of December to the backlog of sheep and lambs, waiting to be processed.

A couple of changes have happened at WAMMCO since the start of this present season that are worthy of note and will benefit members from now on.

The first is the change to the rebate criteria to now include all contracted lambs and sheep that are killed over the hooks "weight and grade". The full rebate will be paid on these sheep and lambs regardless of whether their contract price was higher or the same as the schedule on the day of processing.

The second change made is the purchase and installation of a trunk deboning machine that will allow us to be very competitive on heavy mutton, particularly heavy wether mutton. This is a big win for the industry as it adds another competitor into the wether market.

If you do have wethers for sale, I encourage you to speak to your agent or a member of our livestock team for the latest prices. I think you will be pleasantly surprised, and remember they too will be eligible for any potential rebates if sold "over the hooks".

As my Board and I along with all of the staff at WAMMCO look forward with confidence to 2014, I would like to wish all of our Shareholders a great Christmas and a happy and prosperous New Year.

## NEW INCENTIVES IN 2014

New "rebate eligible" contract arrangements for both lamb and mutton, a stable outlook for export markets in 2014 and developing prospects for the domestic market were amongst the key benefits listed for WAMMCO in the coming year by Chief Executive, Coll MacRury.

The announcement of forward contracts, available for April-June 2014 deliveries, would not only offer producers the security of a guaranteed minimum price, but would now also qualify for any potential rebates announced by the Board. (*See later in the newsletter for full details*).

Coll said WAMMCO's directors had supported the changes because they were keen to assist members to work more closely with the Co-operative. "We are keen to promote a cultural change amongst members where they work with us right through the year, instead of making their marketing decisions when their lambs are ready to go. Apart from the financial benefits, participating members can also achieve certainty for their bookings that is important for both the member and for us as processors, particularly in heavy supply seasons."

Coll said Australian meat exporters would prefer to see the A\$ fall below US\$0.90 to make them more competitive, but with a stabilising global demand, 2014 prospects were good for lamb and sheepmeat.

He said both the Katanning and Goulburn plants were operating at near capacity. Goulburn continued to focus on heavy mutton – mainly for the Chinese market - while Katanning was on six day weeks with solid bookings for prime lamb as well as mutton.

Coll indicated that WAMMCO would continue to explore all opportunities on the domestic market to take advantage of increasing competition in the retail sector over the next few years. “The domestic retailing scene is currently subject to significant change and WAMMCO intends to take advantage of any opportunities to expand its marketing network and increase returns to members”.

## **KATANNING TO CLOSE ON 24 DECEMBER**

WAMMCO Katanning will be operating at near capacity before it shuts down after a highly successful year on Tuesday 24 December, for the Christmas break.

Katanning Manager Tony Bessell said productivity had been significantly boosted with Saturday shifts for most of the spring season and he expected to reopen on Monday 6 January 2014 with continuing six day weeks. The extra volumes had assisted the Co-operative to meet a big member demand for processing, as well as a significant lift in global market demand for lamb and mutton product.

The 2013 team of New Zealand workers had recently completed their spring contracts, and had not only assisted to lift productivity, but had also helped with the ‘up skilling’ of local workers. “With the help of an experienced instructor, we were able to introduce a 2pm to midnight shift that concentrated on teaching value adding skills and techniques to a range of new employees. In turn, their new skills will greatly assist WAMMCO to cater

for the increasing demand out of the US and Canada for more value added product” Tony said.

Capital expenditure continues at Katanning to maximise efficient production. A second French racking machine will begin operating next year to boost production for the USA. A significant improvement to the tripe room, including a new tripe wash, is now in full production with the product destined for Hong Kong and Malaysian markets. Planning for a major upgrade and transformation of the chilling/freezing complex at Katanning would begin early in 2014 following recent scoping approval by the WAMMCO board. “The upgrade is expected to cost \$3-\$5 million and will dramatically reduce time temperature parameters for our finished products, together with significant labour savings. It will involve a new building, new plate and tunnel freezing technology with automatic in-feed and out-feed systems and robotic pallet loading.”

Tony also reported that veterinary reviews of the Katanning plant conducted for China and Malaysia had been successfully completed in November.

## **LAMB WINS AMONGST THE GUM TREES**

With the future of the Blue Gum plantations at Frankland River still in limbo, local farmer Robin Higgins remains confident that lamb, beef and grain will continue to offer a more attractive investment alternative in the fertile, high rainfall area.

When the Higgins family last won WAMMCO’s Producer of the Month title in November 2011, there was talk of failed plantation areas reverting to farming. “But trees planted in 1999/2000 remain uncut, despite being past maturity, and we are none the wiser as to the intentions of the current Canadian owners” Robin said.

In the meantime the Higgins family have gone from reducing their prime lamb matings from 1200 to 900 ewes after a tough marketing season in 2012, to gradually increasing their numbers again.

"We contacted WAMMCO as usual in August 2012 to book our lambs for November but were surprised to hear that there would be no vacancies until January 2013. That experience, combined with disappointing prices, caused us to cut our prime lamb ewe numbers in favour of more canola" Robin said this week.

Bookings at WAMMCO were again beginning to fill rapidly this year when Robin rang early in July to arrange delivery of his lambs. His winning November 2013 draft consisted of 438 lambs that averaged 22.09 kg when processed at Katanning on 19 November to return an average of \$91.89 with individual carcasses fetching up to \$112.49.

Flock structures have also been amended as the family quietly rebuilds its sheep enterprise, moving prime lamb production further away from Merino to first cross ewes. Of the 900 ewes mated to Texel and Texet sires, one third are F1 Border Leicester and the balance are F1 Dohne and Merino ewes. A further 300 ewes are joined to Border Leicester rams.



*Bradley Higgins with Merino and F1 Dohne ewes*

A Merino flock of 1,200 ewes, mated to Strathaddon rams generates an impressive wool clip each year, while a herd of Angus cattle and crops of canola and barley also contribute to the family enterprise.

A Poll Dorset ram purchased from Pine Avenue, Kojonup three years ago is producing good Texet rams from their "Bangalup" stud Texel ewes and these are being mated to Merino ewes for prime lamb production.

"We drop our prime lambs in June/July with the aim of selling them straight off their mothers in early November. As killing space tightens, I see merit in working more closely with WAMMCO to organise our bookings well in advance, rather than trying to find a home for them once the lambs achieve target weights."

Whereas Robin would like to see continuing improvement in lamb prices he is pleased that the market has stabilised with a steady upward trend. "There is still a reasonable return for the producer at current prices and a further fall in the Australian dollar closer to 80 cents would help our exports."

In the meantime, Robin and Janice's son Bradley and his wife Jody continue with off-farm contracting, possibly waiting for the chance to buy some of the local Blue Gum country for farming. Twelve years ago, the family attempted to increase their viability by purchasing a small holding containing 700 acres of bush. Unfortunately the clearing ban ruined any prospect of this.

## MEAT MARKET OUTLOOK

Selling markets are positive in the face of firm demand, a lower Australian dollar and continued restrictions in supply out of New Zealand. The combined effect of these has seen good demand for both lamb and mutton sales during December, and this is forecast to continue through January and February.

Strongest demand at present is being shown for lamb legs and shoulders. The gradual recovery of the UK market combined with lower NZ supplies, along with solid demand from Asian markets has seen a rise in demand and prices for these products.

Middle East markets remain consistent to firm with an increase in WAMMCO lamb sales recorded into the UAE during the period. Mutton demand is also strong in the Middle East with some signs that the market may need to increase their inventories – again as Asia draws on more and more 6-way and carcass style products.

North America is continuing at a steady pace with the focus of demand now starting to turn towards supply for Easter. There are positive signs that the tight supply from NZ will see positive conditions continue in this market.

Sales into Asia also remain positive with a significant increase in lamb volumes recorded year to date. A preference for WAMMCO's lighter and leaner style products, combined with our favourable location to the market is assisting with strong sales into this region.

## GUARANTEED MINIMUM PRICED CONTRACTS

WAMMCO has recently announced guaranteed minimum priced contracts for crossbred and Merino lambs and ewe and wether mutton. It is important to state that all stock sold via these contracts will be eligible to receive any potential rebates as declared by the WAMMCO board of Directors at the end of the year.

The contracts are for members only and any non-members must agree to join the Co-operative by purchasing a minimum of 100 Subscription shares.

The contracts are active from 1<sup>st</sup> April 2014 through to 30<sup>th</sup> June 2014. Prices paid are a guaranteed minimum with a potential upside if the schedule price on the day of processing is higher than the guaranteed minimum price.

Particular carcase specifications must be met to trigger the guaranteed minimum prices –

- Crossbred lambs - 18.1 to 28kg, fat scores 2 to 4 – guaranteed minimum price \$4.20/kg
- Merino lambs - 20.1 to 28kg, fat scores 2 to 4 – guaranteed minimum price \$4.00/kg
- Merino/Crossbred/Dorper ewe mutton - 18.1 to 30kg, fat scores 1 to 4 – guaranteed minimum price \$2.20/kg

- Merino/Crossbred/Dorper wether mutton - 20.1 to 32kg, fat scores 1 to 4 – guaranteed minimum price \$2.40/kg

We encourage any members wanting more information to discuss these contracts with their local livestock agent or a member of the WAMMCO Livestock team.

## SKINS

The international skin market is stable. The majority of the spring lamb season has been really good for us, with good seed free skins for the majority of the season. However as the season extends and the quality of the lamb skins dry out and deteriorate there has been some price resistance.

The Shanghai Leather Fair (the world's number 1 international skin fair) was held in the first week of September. New business and reconfirming existing relationships along with receiving excellent feedback on our ability to meet customer specifications resulted in an exceptional fair for the company.

A cold northern hemisphere winter is required to lift the production of wool lined hats, gloves, boots and coats. The Russians are currently active on the "dense blocky" shorn lamb skins but without solid competition from China prices will be subdued.

## 2013/14 WAMMCO STATE PRIME LAMB CARCASE COMPETITION

The 2013/14 WAMMCO State Prime Lamb Carcase Competition has had an excellent start. To date over 50 entries representing over 21,000 lambs have been evaluated. The competition continues its reputation as the largest and richest commercial carcase competition in Australia. Over the past 10 years over 175,000 lambs have been evaluated and over \$125,000 of cash and prizes have been distributed to the winners.

The competition remains open for lambs delivered through to Thursday 29 May, 2014.

All entries will go into the draw to win a Gallagher W610 weigh scale indicator and all up over \$18,000 worth of cash and prizes will be distributed to the winners.

### **Entry requirements:**

A minimum of 100, 2013 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. Skin length does not impact the result.

### **Categories:**

Overall heavy weight, Trade weight (average consignment weight 18.1 – 21kg), Large consignments of 300+ lambs, Best result for traditional first cross lamb (Terminal sire over Merino dam).

Entry forms will be regularly printed in the Farm Weekly or are available from members of the WAMMCO Livestock team or on-line at <http://www.wammco.com.au/images/docs/2013%20entry%20form.pdf>

The 2013/14 WAMMCO State Prime Lamb Carcase Competition is supported by Farm Weekly, Primaries, Elders, Landmark, Zoetis, Gallagher, Milne Feeds, Superior Livestock Services, NAB and WAMMCO.

## **CONSIDERING JOINING EWE LAMBS?**

With ewe weaners being in good condition as a result of the strong spring feed, some members may be tempted to try joining them as ewe lambs. However joining ewe lambs requires careful planning and management paying particular attention to nutrition. This season's stubbles and dry pasture alone will not meet their demands with significant levels of supplementary feed required

throughout pregnancy and possibly lactation. Lambing percentages can be highly variable ranging from 20-100% to average 50-60%. However, best results come from following these basic principles;

- Join ewes at 9 months of age or older
- Ewes should be at least 45kg, preferably 50kg (75-80% of their mature body weight) and condition score 3
- Ewe lambs will be in oestrus for a shorter period and don't seek out rams to the same extent as mature ewes. For this reason use experienced rams not ram lambs, increase the ram percentage used to at least 3-4%, join the ewe lambs in their own age flock (i.e. don't join in mixed aged flocks) and join ewe lambs in relatively small paddocks to enable good contact with the rams
- Select and prepare rams 8 weeks before joining to maximise serviceability. Use experienced rams that have preferably been selected with low birth weight and high post weaning weight Australian Sheep Breeding Values. If the rams have already been used consider giving them a spell for 8 weeks to enable a complete spermatogenesis cycle (i.e. ensure all the rams are full of active sperm when introduced to the ewes)
- As the ewe lambs are still growing it is critical to maintain good nutrition right the way through their pregnancy, lactation and then post lactation periods to ensure they reach their mature size and will be in suitable body condition for subsequent joining opportunities
- Pregnancy scan the ewe lambs 45 days after ram removal. The dry ewes can be retained and joined at the traditional age of 18-20 months or if milk teeth are still present, consign to the meat market if in suitable condition. Knowing pregnancy status allows you to manage nutrition for single bearing ewes to ensure the foetus doesn't get too big and potentially cause lambing difficulties.

Please note joining ewe lambs is not for everyone. Before joining ensure other profit drivers such as stocking rate, twin lamb survival and pasture utilisation are already maximised.

## CONDITION SCORE 3 EWES REQUIRED FOR JOINING

The Lifetime Wool research project clearly outlines the benefits of not allowing your breeding flock to slip in condition. Condition scoring is widely recognised as the quick and easy "hands-on" farm management tool to monitor the nutritional status of your flock. The best thing is, condition scoring a random sample of 25-50 ewes provides a reasonably accurate assessment of the condition of the entire flock. Condition scoring should become part of your standard management whenever the ewes are brought into the yards.

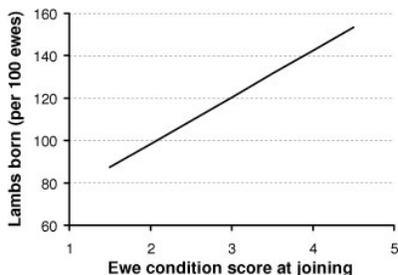
There is a linear relationship between increasing condition score and ewe reproductive performance - i.e. ewes in higher condition score at joining conceive more lambs (ie more foetuses per 100 ewes joined). Although the response to increased condition score can be variable, the average response is an additional 20 foetus per 100 ewes joined for an additional condition score at joining. The increased reproductive performance results from fewer dry ewes and an increase in the percentage of ewes conceiving twins.

Your aim should be to have the ewe flock averaging condition score 3 at joining.

**lifetimewool**  
more lambs, better wool, healthy ewes

LTEM 2.1

**Ewe condition score at joining and  
number of lambs born**



[www.lifetimewool.com.au](http://www.lifetimewool.com.au)

Members that plan to join ewes in the next 2 months should act now and review the condition score of their ewes. This season's stubbles and dry feed won't support adequate growth or maintain condition for any significant length of time. If your ewes are below a score 3 consider delaying joining and preferentially feed the ewes until they achieve the ideal target.

For more personalised nutritional advice contact Rob on [rdavidson@wammco.com.au](mailto:rdavidson@wammco.com.au) or 0429380195. For further information on Lifetime Wool, visit <http://www.lifetimewool.com.au/>

## WAMMCO LIVESTOCK CHRISTMAS CLOSURE

The Katanning Livestock office will close 12 noon Christmas Eve 24 December, 2013 and re-open at 8am 2 January 2014.

Livestock representatives Peter Krupa, Wayne Radford and Rob Davidson will be on leave from 23 December 2013 to 27 December 2013 inclusive, and will recommence Monday 30 December 2013.

Peter, Wayne, Rob, Judy, Shannon and Phil take this opportunity to wish you all a Merry and Safe Christmas and our Best Wishes for 2014.

### WAMMCO Perth office

Tel: 92620999  
Fax: 93550961  
Email: [info@wammco.com.au](mailto:info@wammco.com.au)  
Web: [www.wammco.com.au](http://www.wammco.com.au)

### Katanning office

Tel: 98212000 Fax: 98212731

### Livestock contacts

Peter Krupa 0427 810613  
Wayne Radford 0429 944733  
Rob Davidson 0429 380195  
Or your local livestock agent

### Bookings

Judy Cameron 1800 199197

### Disclaimer:

WAMMCO International makes no representation as to the accuracy of any information or advice contained in the Lambline newsletter and excludes all liability as a result by any person acting on such information or advice.