

WAMMCO LAMBLINE

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Issue 21

CHAIRMAN'S REPORT

Looking back on 2012 I can only say that it was a year that promised so much but in the end has been only average at best. Softening markets particularly in the EU and the consequential redirecting of lamb from those markets onto the strong Middle East market and other markets around the World certainly took its toll on the prices that producers received. The uncertainty of the live export market has also resulted in over supply in the processing sector which has led to delays not seen for many years for producers to have their lambs processed.

Looking forward it is with caution that I say that the worst is behind us. Certainly at WAMMCO we have tried to keep the price to the producer as high as we can, given that really it is the consumer and consumer demand that sets the price. Our task is to find the consumers and supermarkets that will pay the highest price for top quality lamb. Whilst WAMMCO has many customers that are willing to pay good money for quality, we do have to meet the market in times like this when they have so many options at cheaper prices from competing processors and competing proteins.

I am optimistic that the prices will start to improve in 2013 especially as the world balance between supply and demand start to interact during our winter. Best indicators are saying that prices for next spring shouldn't be as low as we have seen this year.

These results won't just happen, our buying and marketing teams will be doing their very best to see that all of our shareholders lambs are killed in an orderly fashion and that prices are as good as it is possible to achieve. Producers can help by booking their killing space early giving our

marketing team time to seek out the volume of orders required at the best prices available to accommodate the seasonal kill.

In the meantime may I take this opportunity to wish all of WAMMCO'S Shareholders and their families a very merry Christmas and a bigger and brighter New Year from the Directors and Management of WAMMCO.



SHORT XMAS CLOSURE

WAMMCO has arranged its Katanning plant Christmas break shutdown to cause minimum disruption to livestock deliveries from members. CEO Coll MacRury said the last kill before Christmas would be on Thursday December 20 and the cooperative would resume deliveries of stock from producers on January 1 to enable a first kill for 2013 on January 2.

"Normally we would expect a longer closure over the Christmas break. A shorter break will assist members with lambs having to contend with diminishing pastures and water and it will enable WAMMCO to process up to 10,000 units during the short week following New Year," Coll said.

"There has been virtually no change in market demand since the AGM and we are continuing to keep a balance of lamb and mutton to return to profit as well as meeting the needs of members.

Coll said bookings were still solid through to the end of March and there had been a strong producer response to the supply contracts offered by WAMMCO from April 2013.

"There is still limited capacity for contracts through to May/June and I would urge interested producers to contact their agent or a member of our livestock team for more details."

Coll indicated the annual lamb flush in Eastern Australia had yet to materialise – despite heavy yardings at some sales. Like Katanning, WAMMCO Goulburn was processing steady supplies of both lamb and mutton.

"2012 has been a difficult year for all of us, but on behalf of everyone at WAMMCO I wish all of our members, workers and supporters best wishes for Christmas and brighter prospects for the New Year."



EFFICIENCY GAINS

WAMMCO continues to reap the benefits of its investment in a substantial boning room upgrade just over two years ago. Katanning Plant Manager Tony Bessell said fine tuning of the new boning room had been ongoing, giving it the capacity to capitalise on any new lamb or mutton market opportunities.

"Traditionally, the slaughter floor at Katanning has always outpaced boning room capacity," Tony said. "But for the first time the boning room has this season been able to exceed slaughter capacity and that is proving to be an enormous bonus for WAMMCO. "I believe that we are now well prepared for 2013 with the capacity to handle big numbers of both lamb and mutton to suit virtually any market."

Tony said producers could expect further improvements to the lairage receival area at Katanning in the New Year that would also meet new animal welfare requirements.

He said the staff situation continued to be stable, even with the return to New Zealand before Christmas of skilled workers under WAMMCO's reciprocal seasonal agreements.

"The 2012 season has also confirmed WAMMCO's benefit to producers as a true cooperative, in that we have continued to process all types of lamb

and mutton when private export operators have opted to deal only in mutton because it has been more profitable, and other domestic processors have opted not to take lamb breeds such as Dorpers."

Tony renewed WAMMCO's standing invitation to members to visit the Katanning plant during 2013 to see their livestock processed.



MARKETS STABILISE

Some stability has returned to lamb and mutton markets after a difficult 8 months in which Australian and New Zealand production volumes increased and selling prices fell significantly. Economic conditions in Europe and America are still under great pressure, and the high Australian dollar is reducing returns for exports. However, regular sales are moving into all of WAMMCO's traditional markets with steady demand for both lamb and mutton.

Good sales volumes for lamb have been concluded for Christmas sales into the UK with weekly shipments of chilled legs consigned to ASDA supermarket. This business will continue into the New Year with shipments scheduled through to Easter 2013. Mutton sales have also been firm with good volume sales underway into the UAE, Saudi Arabia, Oman, Malaysia and China. The registration of the Katanning processing facility for supply into Malaysia and China is providing a good opportunity for sales with a major increase in demand for mutton 6-way cuts coming from China in recent months.

Overall the initial outlook for next year is for continuing good sales volumes into regular customers, though it's likely we'll have strong competition from East Coast and New Zealand processors as supply increases, particularly as New Zealand heads into their peak kills through February to April. We are hopeful of some improvement in demand conditions in the USA and Europe and we are positive about potential new opportunities into Canada for supply in early 2013.

LIVESTOCK ISSUES

Members are reminded of a number of livestock issues they may experience over the coming months as a result of the recent rains experienced throughout harvest.

Good quality senesced annual pastures and stubbles will have declined in nutritive value. For this reason stock will require supplementary grain earlier than usual this year to maintain production.

There is a linear relationship between ewes conceiving and ewe condition score up to a condition score 4. It is therefore critical that ewes at this time of the year maintain or slightly improve their condition to maximise the number of ewes conceiving and numbers of potential lambs. For more information relating to condition scoring ewes please refer to the following you tube video <http://www.youtube.com/watch?v=urB9uN8eJds>

Weaners, our future breeders, will need to be watched closely over the next few months. Keep weaners growing over summer at least 1kg/month. Weaners with poor nutrition are more likely to be affected by worms and other health problems.

Worms are likely to be an issue in most regions that have received rain. Monitor mobs paying close attention to weaners. Barbers Pole appeared in non traditional areas following harvest rains in 2011, so if in doubt contact your local faecal egg count service provider and request a test.

Late dropped lambs this season would have had only a short time spent grazing green feed and hence their vitamin E stores may be limited. Vitamin E functions as an antioxidant in animal tissues and deficiency predisposes sheep to muscle damage. Be prepared to drench carryover lambs with Vitamin E in the New Year.

The seasonal conditions have enabled the toxins produced by the fungus *Diaporthe toxica* (formerly *Phomopsis leptostromiformis*) to grow on lupin stems. All narrowed leafed lupin cultivars released since 1988 have some resistance to *D. Toxica* but this has not removed the danger of lupinosis altogether. It most commonly occurs in the first few summer days following rain events of more than 20mm. High stocking rates and hungry stock increase the risk of lupinosis as the increased

grazing pressure or need for feed forces the stock to be less selective graziers and eat more stem material. Good quality water should be provided as stock on lupin stubbles drink about twice as much water as those on cereal stubbles. Whilst the stock are grazing lupin stubbles do not offer licks containing copper or urea. Stock with lupinosis often have hollow flanks, don't keep up with the mob when driven and have poor growth rates. In more advanced cases disorientation, blindness, hunched appearance, jaundice in the membranes around the eye and death are common. Treatment includes removal from lupin stubbles and minimising stress. Oats and good quality cereal hay along with good quality water should be offered.

Mutton continues to be important for the cooperative. Members wishing to sell stock should advise their local agent or a member of the livestock team for the latest prices.

Receival issues:

In the warmer months we encourage members to cart their livestock to the plant in the cooler times of the day. As a reminder the livestock receival times are; Mon – Thurs: 6am – 3pm and Sun & public holidays: 7am - noon.

Any dogs used whilst mustering and yarding and/or loading and unloading trucks should be muzzled.

No electric prodders are to be used on stock.

Ensure stock is correctly curfewed before trucking. This means an 8 – 12 hour feed curfew. We encourage stock to continue to have access to water during this time.

Contact Rob on 0429380195 to further discuss any livestock or nutritional issues.



COMPETITION EXTENDED

The closing date for the 2012/13 WAMMCO State Prime Lamb Carcase Competition has been extended to 31st March 2013.

Competition entry details:

- A minimum of 100 XB lambs born in 2012 (min. of 300 lambs for large consignment category)
- \$50/entry
- Multiple entries permitted and encouraged
- Skin lengths don't influence the result
- Long tail, ram and pink tag lambs all permitted.

Categories:

- Heavy weight – premium points assigned to 22.1 – 24kg fat score 2 lambs
- Trade Weight – average weight of consignment must fall between 18.1 – 21kg
- Large consignment – a minimum of 300 lambs
- Traditional first cross – best result for a Terminal sire over pure Merino dam

Entry forms are published in the Farm Weekly, are available from WAMMCO's livestock team or can be downloaded from;

<http://www.wammco.com.au/news/251-win-with-wammco>

The competition is sponsored by Primaries of WA, Elders, Milne Feeds, Superior Livestock Services, Farm Weekly and WAMMCO.



OPPORTUNITIES

Would you like to receive free stockmanship training in your feedlot?

Researchers from the School of Animal Biology, University of Western Australia, are interested in studying the effect of stockperson training in sheep feedlots on animal productivity and wellbeing. They are looking for feedlots to participate in the study, whereby a commercial stockperson training company 'Stress Free Stockmanship' will run a two-day stockperson training course at your feedlot.

Training costs will be covered by the study and all outcomes will be reported back to you. The study commences early next year with training expected to be conducted within the first half of the year, however the researchers will be fully flexible to accommodate your needs and timeframes.

Contact Samantha Bickell for more information on 0403955899 or Samantha.Bickell@uwa.edu.au



RESOURCES

Ever questioned the use of Australian Sheep Breeding Values (ASBV's)?

Regardless if you are a believer or a sceptic of ASBVs, the Cooperative Research Centre for Sheep Industry Innovation (Sheep CRC) have recently released a review of literature on the use of genetic technologies for selection of dams and sires in sheep breeding programs – "Using ASBVs – What's in it for me?"

The review is comprehensive with projects and demonstrations included regardless of their findings. When reading the review, members should be aware of when the research was conducted. It is possible that sires ranked as "elite" when the work was conducted are now only "averaged" ranked animals due to genetic progress so any significant difference in progeny performance will now be even greater. Likewise, if you look at the profitability of some of the trials, insert today's prices to obtain the real financial impact of utilising the best genetics available.

The document can be downloaded from the following link. Please note it is 6.6MB in size.

<http://www.sheepcrc.org.au/management/genetic-selection/proof-of-benefits-from-genetic-selection.php>

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Bookings

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