

WAMMCO

Info

Ph: PERTH 08-9262 0999, KATANNING 08-9821 2000 FREECALL 1800 199 197



WAMMCO International
A DIVISION OF THE WESTERN AUSTRALIAN MEAT MARKETING CORPORATION

WAMMCO REBATES TOTAL \$6.775 MILLION

WAMMCO has rewarded its shareholder members with cash and share pool bonuses of \$6.775 million in seven of the past nine years since the co-operative made its first disbursement in 2005. The widely acclaimed, 2012/13 rebate totalled a record of nearly \$1.8 million and paid 40c/kg on lamb and 20c/kg on mutton.

The co-operative has also now re-invested about \$20 million over the past decade in operating upgrades and new technology to ensure that its products from Katanning are processed to the world's best standards at the least possible cost.

WAMMCO's purchase of Southern Meats in NSW, was at an undisclosed price, but was largely from cash-flows generated over the past two years by the new subsidiary.

The latest distribution to members, totalling nearly \$1.8 million almost doubles the previous highest payout of \$1 million for 2007/08.

"To return nearly \$7 million to our members in less than 10 years and from a mixed bag of lamb trading conditions, indicates the value WAMMCO is generating for its WA producer shareholders," Chairman Dawson Bradford said this week.

He said the latest rebate was based on an extra 40 cents per kg on lambs and 20 cents per kg on mutton delivered on a weight and grade basis to the co-operative and recognised the heavy cost to producers during the past season of low export prices for lamb due to a high demand and supply, which forced the average payment for WA lamb well below the previous year.

"More buoyant export conditions in the second half and a strong contribution by Goulburn turned the tables, enabling the directors to approve bonus payments to lift the annual producer payment on qualifying lamb to just over \$4. "Bringing the payment of rebates forward to August, recognised the various seasonal and financial difficulties facing our producer members,"

WAMMCO's CEO Coll MacRury said positive market signs were continuing despite a significant increase in lamb exports from both Australia and New Zealand from the same period last year.

"The lower Australian dollar continues to offer a major boost and we are seeing good demand for Australian lamb from China, the Middle East and North America.

"WAMMCO's investment in the Australian Lamb Co-operative is again playing a vital role in the marketing of our heavier lambs into the North American market."

"We are also pleased that the season in WA has greatly improved and that Katanning has re-opened and is ready for a busy season through to Christmas.



□ Trevor Stacey and nephew Alex at Quairading last week

WAMMCO rebate a morale booster

"WE thought we were dreaming. Just got a radio bulletin that WAMMCO was paying a 40c/kg rebate on our lambs – and the money was in our bank."

That was the response of the Quairading brothers, Colin and Trevor Stacey to WAMMCO's decision to distribute a record \$1.8 million in cash and shares to members at the beginning of August.

"It is a credit to WAMMCO that they were able to turn around from losses to profitable trading in the same difficult year, and to pass back

such healthy proceeds to their members," Trevor Stacey said.

"Our previous lamb rebates have been paid in December. To receive such an increase as early as August has given our confidence a major boost because we were still suffering from a poor season and last year's low grain prices and with meeting the outlays for this year's crop.

"In this regard the WAMMCO bonus also came on top of 73 mm of rain in July that rescued the current crop."

Katanning bounces back

WAMMCO's Katanning plant bounced back from its two week shut-down last week with a new 4-year Single Enterprise Agreement in place, some new value adding equipment, and a team of 12 skilled Kiwi workers ready for a busy processing program through to Christmas.

Katanning manager Tony Bessell said the new worker agreement would provide extra flexibility including Saturday shifts and would assist the heavy bookings already nominated through to December.

He said a new \$250,000 tripe processing system and a new

forequarter splitting unit from Europe had been installed during the break and would add not only new safety and hygiene benefits, but also improve product recovery percentages and quality.

Tony has negotiated a new energy agreement with Wesfarmers Premier Power Sales that will provide significant concessions on both peak and off-peak tariffs. However he said a carbon tax liability costing the Katanning plant about \$160,000 was still in place, despite political pledges to remove the tax.



□ Alex Hamlin (left) and Steve Weigand in the new tripe processing installation at Katanning. Alex was recently qualified as WAMMCO's Occupational Health and Safety officer at Katanning and represented the co-operative at a conference of about 75 Health and Safety officers from Australia and New Zealand in Sydney recently.

WAMMCO

Info

Ph: PERTH 08-9262 0999, KATANNING 08-9821 2000 FREECALL 1800 199 197



WAMMCO International
A DIVISION OF THE WESTERN AUSTRALIAN MEAT MARKETING CORPORATION

In this August 2013 edition of WAMMCO Info, we feature long standing directors of the co-operative Kim Hutchinson and Gerard O'Brien, who have separately lent substantial accounting and banking expertise to the organisation since its formation in 1999.

WAMMCO director Kim Hutchinson believes the co-operative's recent purchase of Southern Meats, Goulburn NSW was an important growth point for the unique WA based business.

"Some producers have questioned why WAMMCO did not buy the NSW operation outright, instead of leasing it for two years with an option to purchase.

"But whereas Goulburn is now helping us to expand and to spread business risk, it may equally have exposed us to risk. Taking the time to develop and integrate the new business nationally and internationally has therefore proved a huge bonus.

"Operating as well from Goulburn not only enabled us to 'retrieve' some of the young West Australian sheep that went east during drought two years ago, it has also boosted our global mutton business and added weight to our US trading partnership through the Australian Lamb Cooperative."

Kim is from a family farm at Beverley and made his career as an accountant with the WA-based firm RSM Bird Cameron, of which he is now national chairman.

He regards his time on the WAMMCO board as a privilege and a means of 'repayment' to the farming community.

His hope is that the quietly developing success of the co-

operative will generate more passion and loyalty amongst its producer members

"Members are fortunate not only to have a competent team of producer directors that are committed to making the co-operative successful, they also

have staff and facilities that are second to none.

Because WAMMCO was a 'child' of government, rather than the creation of a group of far seeing, dedicated producers, it suffered a difficult birth, with producers showing more concern than passion in its early stages.

"Some of the most significant benefits now flowing to producers from WAMMCO are due to our co-operative, rather than corporate base," Kim said. "We have a unique charter to serve producers, - rather than investors - with competitive prices and market security for their livestock, top end processing and marketing, and when there is a trading surplus, to return a proportion of the proceeds to our producers.

"In that context, WAMMCO's recent disbursement of \$1.8 million as a 40c/kg rebate on lamb and 20c/kg on mutton illustrates that our co-operative system is working well."



□ Kim Hutchinson



□ Gerard O'Brien

GERARD O'Brien regards WAMMCO's solid performance in difficult conditions as confirmation that the cooperative is achieving its charter to ensure competition and long term viability for WA lamb producers.

"Apart from an excellent return on capital -

now something fairly rare in many organisations, - it is the security and underwriting offer and the fact that we are helping producers to maximise their lamb and sheep prices, that sets WAMMCO apart," he said last week.

"If you wanted to start up a producer co-operative like WAMMCO from scratch today you would never get off the ground because the industry circumstances of 1999 are never likely to be repeated.

"WAMMCO is still here today because after surviving an almost impossible beginning, the board and staff have committed to low-risk, strategic direction and growth strategies.

He said WAMMCO's purchase of Southern Meats at Goulburn NSW had doubled

the size of the business with virtually no risk. It was already returning impressive profits to WAMMCO producer members.

"WAMMCO is not a monopoly, but has succeeded in building a unique, quality export business for prime lamb that underwrites WA's sheep market and complements sales by other do-

mestic and export lamb and mutton processors, as well as serving to hedge an increasingly vulnerable live export industry.

"The commitment to lamb producers continues, despite the fact that it may often be more profitable to process mutton, and is made possible by timely investments such as the Australian Lamb Co-operative five years ago for about \$1 million, and in the more recent \$5 million upgrade of the boning room at Katanning.

Gerard joined the WAMMCO board in 2003 and was re-elected as a producer director last year.

He has major family farming interests in the Avon Valley and an impressive portfolio of commercial properties throughout Australia.

2013/14 lamb competition

WAMMCO will underwrite a new State Prime Lamb competition, starting on September 1, and extending through to the end of May, 2014.

Co-ordinator Rob Davidson said conditions of entry would remain the same as previous years. However there may be new adjustments to the classes of entries to suit changing industry conditions.

Rob expects members to enter the competition for the fantastic benchmarking and learning experiences it had provided for all entrants over the past ten years. Producers or sponsors with queries can contact Rob on 0429 380 195.

Lamb taste trials

LAMB producers will have an opportunity to hear about the lean meat/lamb eating quality trials now under way in WA at Craig Heggaton's annual Evergreen Grazing Co field day on his property at Kojonup on September 13.

The four WA producer demonstration sites are being co-ordinated by researcher Kelly Pearce and are supported by Meat and Livestock Australia.

They are expected to underscore future lamb marketing initiatives based on consumer taste preferences.

Further details: k.pearce@murdoch.edu.au or Rob Davidson 0429 380 195.