



Chairman's Corner

WAMMCO's co-operative structure gives members unique **ownership and control** of their product literally from paddock to plate. The direct benefits give members the chance to not only receive the current market price, but also receive a share of any surpluses through rebates, along with securing preferential access to processing space and forward contracts.

We often hear producers criticising processors for failing to meet their needs but **WAMMCO provides members with transparency** not otherwise available. It is therefore surprising more producers do not take advantage of the opportunities the co-operative offers. All producers benefit from the competition the co-operative generates and those that choose not to support it, are in some respects, getting a free ride using WAMMCO as a type of insurance policy.

Dealing through WAMMCO provides members' produce direct access to the best global markets, effectively **cutting out the middle man** whilst putting the benefit back into the pockets of members.

The co-operative also ensures market power is not solely in the hands of those that do not have the interests of producers at heart. WAMMCO is traditionally the market setter for the price of prime lamb, forcing others to compete. This acts as a **countervailing influence on the market power of others**.

Active membership also brings together a group of **like minded producers** with a common aim.

On another note, your co-operative is cognisant of the fact that it is essential we keep up with the **latest technological developments in prime lamb processing**. As part of this process, in November last year, our Katanning plant manager, Tony Bessell, took part in a MLA sponsored study tour to Europe to look at the latest technological innovations. These were not necessarily limited to the meat industry but included projects that may be applicable to the meat industry in the future. The information and ideas Tony has brought back with him will be of great use in our future planning and will be incorporated into our **strategic plan** where appropriate.

Unfortunately whilst developing and installing new technology **does not come cheap**, your Board will keep funding needs and methods under constant review,

always with the thought in mind to **maximise the return to shareholders** for their lambs.

Many members are currently finding it difficult to finish off their stock because of seasonal conditions and our Supply Development Manager, Rob Davidson, has been busy giving advice to members. **I recommend members take advantage of Rob's services** whenever necessary.

I hope the coming season is kinder to us all.

Regards,

Dawson Bradford

State Carcase Competition Presentation Day

**Katanning Country Club
Thursday 22nd February 2007
Commencing at 2pm**

Guest Speakers:

Mr Malcolm Harvey – MLA Regional Manager Europe "EU markets and Russian potential"

Mr Andrew McCallum – MLA Manager – Trade Policy "Free Trade Agreements"

**All members are welcome to attend.
RSVP to Rob Davidson 0429380195 by 20th Feb**

WAMMCO acknowledges the competition sponsors –

Elders, Primaries, Farm Works, Ballard Seeds, Milne Feeds, Superior Livestock Services and Farm Weekly.

IN THIS ISSUE:

Lamb in Europe	2
Korean delegate visit the plant	3
NLIS requirements	4
Red Clover virus	4
New unloading ramps	4

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Where is the lamb chop in the European market? – Malcolm Harvey MLA Regional Manager - Europe

The European Union expanded to 27 members on 1 January 2007 with the admission of Romania and Bulgaria, taking the population to over 490 million with a huge diversity of backgrounds, cultures, religions and ethnicity. When one looks at the sheep population across the EU we find even more diversity in breed types, methods of production, reasons for farming sheep and the cooking styles and cuts used in consuming mutton and lamb. Take for example, the milk fed light lambs (carcase wt 6-7 kgs) consumed in the Mediterranean is quite different to an Irish meaty 22kg carcase with excellent leg and loin cuts. All of this diversity of people speaking 23 official languages eating food styles miles apart, coupled with the differing indigenous sheep flocks clearly demonstrates that, whilst we try to lump the European Union into one market, it is in reality, a whole mix of markets, each with its own requirements and attitudes to eating sheepmeat.

If that were not complex enough, Europeans have complicated it even more so with their **Common Agricultural Policy (CAP)** which was originally set up to secure food supply after World War II by paying subsidies. Today the CAP consumes around half of the EU budget totalling €50 billion (A\$90 billion) and the sheep sector receives a portion of the budget and would not survive without these support payments. The majority of sheep production, whether it be in the hill regions of Scotland or the more arid regions of Spain or France is far more intensive than the systems employed in Australia with many sheep and lambs being housed causing inputs to be higher than in our country. The current WTO negotiations are aiming to reduce trade distorting subsidies, but payments will continue in some form and the vexed question for the EU in these negotiations is how to handle additional market access.

Sheepmeat imports are strictly controlled by import quotas, along with all other agricultural commodities in what is the most complex meat import regime in the developed world. Sheepmeat imports account for approx 20% of consumption with New Zealand producers having the lion share with twelve times our 18,786 tonnes quota – which has to cover mutton, lamb and goat meat and is based on carcase weight equivalent. This means that if you want to ship 1 kg of boneless mutton the quota needed is 1.81 kgs – hence the majority of exports are in bone-in form to maximise quota usage. New Zealand lamb is well recognised in most markets with its 227,854 tonne quota and is beautifully presented and marketed, most consumers identify Lamb with New Zealand because of this, so we have an education opportunity.

So where do you find Australian lamb in the EU – the majority goes to the United Kingdom, followed by France and Belgium and this is dominated by chilled or frozen legs – which leaves 24 other countries either not getting a sniff of our great product or barely enough to make an entrée plate! Australian lamb is different to New Zealand with product coming from heavier carcasses exhibiting different flavour and texture, closer to UK and Irish than other supply sources. In the UK our lamb products are sold in larger retail butcher chains, smaller

butchers, catering groups and Cash-n-Carry operations with the larger retailers like **Tesco, Sainsbury's, Asda (Walmart's UK arm) yet to stock our lamb.**

Why not, there are two reasons, first our “small” quota makes it difficult to mount a marketing campaign that will establish on-going sales and secondly, these **retailers require lamb to be sourced from farms operating On Farm Quality Assurance Schemes equivalent to what they require of their European farmers.** These require on-going audits, a cost to producers and unless we gain additional access, the cost versus the benefit is questionable.



Top tier UK retailers are still mainly stocking UK & NZ lamb.

Every consumer in the EU who has tried our lamb, loves it, so what are we doing to increase the import possibilities? The EU is currently only willing to negotiate market access within the WTO round and the next two months of negotiations are critical for a result within this year. If negotiations stall or go into hibernation, experts are saying it could be two or three years before we see a conclusion and meaningful increases in market access.

MLA along with the Sheepmeat Council has an expansion of the EU sheepmeat quota as a top priority, the Government and trade negotiators have it as a top priority and we have industry in Europe seeking additional access – it is vital for a healthy lamb industry in Australia. In addition to this MLA is developing a strategy to seek additional access should the WTO round go into hibernation.

Finally, where does West Australian lamb and **WAMMCO** fit into this picture – **the Brand and product is highly sought with top quality lamb, processed and produced into first class packaging and shelf-life** – I have only one complaint, because of the EU's import restrictive regime, we do not see enough WAMMCO product on EU consumers' plates!



Editorial

When finances are tight many believe the best way to keep afloat is to minimise any outlay. This may be true but spending money on technology that gives you the power of knowledge and allows you to control the success of a particular farming enterprise is also worth some consideration. High grain prices and an increasing grain supplement being offered to pregnant ewes often tempt growers to simply feed less to each ewe to extend the feed budget. However by **pregnancy scanning** all ewes (wet and dry or dry, single and multiples) you can now assign the supplementary feed reserves to the ewes that will return you the most for the investment. In a year such as we are experiencing ewes scanned dry will most likely be sold as mutton, but running them as wethers or even rejoining them after a short period of increased levels of supplementary feeding are other options. However, it is the multiple bearing ewes that will require most of our attention. They have the potential to return the highest \$ per ewe joined but also require the most assistance. Optimum feeding levels will maximise colostrum and milk production that goes along way towards maximising lamb survival. Suboptimum nutrition levels will result in high lamb losses at birth and many "shelly" lambs that require high levels of supplement at the end of the year simply to survive let alone become carcase suitable for export. Members should contact me if they require more information on feeding ewes.

Recently, we have received an increased number of **full gutted lambs** at the lairage. Members are to be reminded that stock must be allowed to empty out, preferably on a slatted floor for at least 8 hours prior to transport. During this time it is important that stock still have access to water to minimise dehydrating. Full gutted lambs create potential carcase contamination issues with stained skins rolling back onto carcasses and/or an increased risk of a full rumen bursting and spilling ingesta onto the forequarter. Both require further processing to meet AQIS standards.

Members attending **Wagin Woolarama** please note this year we have a new site – just north of the Merino shed.

The **Department of Agriculture and Food annual Agribusiness Livestock Updates** will be held at the Parmelia Hilton Hotel, Perth 24 & 25 July 2007. **This year's theme is feeding.** For more details contact Anne Jones on 98928444.

Korean delegation visits Katanning

Recently, WAMMCO had a delegation of eighteen buyers from Supermarkets in South Korea visit the Katanning Plant. The visit was organised by WA Department of Agriculture's Wim Burggraaf and the Meat & Livestock Australia's Caroline Cho, Senior Manager/Retail, Korean office.

The time at the Plant provided the opportunity for the buyers to view retail ready products that could be placed into the supermarkets without further processing. Like Australia, South Korea has a severe shortage of supermarket butchers and it was for this reason that the buyers were particularly interested in product that could be purchased by consumers without further in store processing.

The younger population in Korea are looking for different tastes in foods and lamb consumption, is slowly increasing. Frenched Racks, Boneless Legs and Shanks were of particular interest to several buyers.



The delegation inspect WAMMCO's shelf-ready product.

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Co-op Comment

Market conditions remain difficult with rack and loin prices in the key markets of the US and Europe losing further ground in recent months. This is reported for supplies of both Australian and New Zealand products, with a slackening of demand seeing reduced sales, particularly in the food service sector. Again the high prices for these products in 2005 and 2006 are cited for some lamb items being dropped from the menu. Conversely, demand for cheaper items such as shoulders and shanks are high with prices rising appreciably.

A disruption of trade into Mexico this month has halted all lamb and mutton exports out of Australia following a ban by Mexican authorities due to grass seeds found in some East Coast consignments. AQIS and the Australian Embassy in Mexico are working to restore the trade as soon as possible. Mexico is an important market for Australian sheepmeat, particularly lamb shoulders and whole mutton carcase with 5300mt of lamb and 10700mt of mutton exported during 2006.

NLIS tags

The National Livestock Identification Scheme (NLIS) has been developed to enable lifetime traceability of all Australian livestock in the event of a disease outbreak, food safety or residue contamination issues.

The following are the minimum legislated requirements for lambs/sheep sold to WAMMCO.

- Lambs moved from property of origin direct to WAMMCO for sale over the hooks need to be ear marked. To ensure complete traceability within the plant WAMMCO encourages all lambs to be tagged with a coloured NLIS tag placed in the ear opposite the ear mark.
- All sheep must be tagged with a tag bearing the owner's brand registered to the property of dispatch.
- Producers such as commercial lamb finishers that buy in stores must apply a pink NLIS post breeder tag imprinted with the owners registered brand in the same ear as the ear mark. This will be enforced at the plant commencing 1 March 2007.
- Wool brands are no longer acceptable.

Beware of Red Clover Virus

Producers in the Esperance and South Coastal region need to be aware of the risk of **an outbreak of Red Clover Virus following the recent summer rains**. In recent years following unseasonal rains it has become widespread from **Wellstead to Condingup**. Early hatching of aphids, not necessary in big numbers are believed to be responsible for spreading the virus.

Sub clover plants surviving the early germination appear to become infected and in winter the virus spreads to all plants slowly turning them red and leading to early death. This inevitably leads to paddocks being dominated by Capeweed and grasses.

In the past farmers that have **sprayed the aphids in April/early May** have suffered least damage and this appears to be the best method of control.

For more details contact Neil or Leigh Ballard 98815711



Sub clover affected with Red Clover virus

New Stockyard Unloading Ramps

As a **direct response to member feedback**, two new stock unloading ramps have been installed in the receival area. The ramps installed at the end of November 2006, were built by Prattley, Wagga Wagga, NSW who design, manufacture and install custom designed stockyard equipment. The ramps were modelled on other designs that Prattley have constructed for other small stock processors in the Eastern States but adapted to fit our unloading area.

The final ramps are 9 metres long enabling less of a gradient for the stock to walk down. The width of 1.2m allows the stock to move at 4/5 abreast giving an increased unloading number at a slower pace stopping them from slipping over. Operators find the purpose built gates, one at the end of the catwalk and the other $\frac{3}{4}$ of the way up enable them better access to their truck and rear doors.

The feedback from farmers, drivers and AQIS the industry regulator has all been positive.

