

# WAMMCO LAMBLINE

December, 2014

Issue 27

## CHAIRMAN'S COMMENT

**Congratulations to our newest Board member Kelly Manton-Pearce.** Kelly brings to the Board a range of skills both in meat science and research and as a producer. She will add to and complement a strong skills based Board that is so necessary to have to run a successful Co-operative.



*New WAMMCO Board member, Kelly Manton-Pearce with her husband Al Manton (right) and WAMMCO CEO, Coll MacRury*

**I would also like to pay tribute to the retiring Director Tony Boyle for the strong and loyal support he has given the Board during his term.** Not many people in the Lamb Industry today have had a longer association with lamb production and marketing than Tony. His knowledge of the industry and his wisdom and views were always appreciated at Board level. I thank Tony on behalf

of the Board and wish he and wife Sally a healthy and happy future.

**Substantial capital investment will take place in both abattoirs commencing early in the New Year.** A new \$11 million freezing complex project will be conducted at Katanning whilst at Goulburn a \$4 million lamb boning room project will be undertaken. Both projects are aimed at making both sites more efficient whilst at the same time meeting customer expectations and enhancing the quality of our products.

Following the 2013/14 record shareholder rebate, I have had a few queries from shareholders as to why they didn't receive a bonus on all of their lambs. Upon questioning, the most common reason being that the member didn't hold enough shares to cover the number of lambs that they had sold on schedule to WAMMCO. Most only had 100 shares which is the minimum number of shares required to be a member of WAMMCO. To receive bonuses on all livestock sold on a weight and grade basis to WAMMCO the member needs to own one Subscription share/participation unit for every animal sold. With bonuses ranging for this past year from \$4 - \$14/head depending on weight and stock type, it makes the investment of \$1/share to participate look pretty attractive. A summary statement on your personal position with the number of participating units held, number of lambs or mutton eligible for bonuses in the current year is summarised in all weight and grade account sales. Members are urged to contact WAMMCO or any of its Directors for further clarification if needed.

**Finally on behalf of WAMMCO Board and Staff I would extend the compliments of the season to all shareholders and their families and look forward to sharing next year with them in this great industry.**

## RECORD FINISH TO 2014

A serious drop in the price of sheep and lamb skins has clouded a busy calendar year for WAMMCO with the Co-operative's Katanning plant processing record volumes. WAMMCO Chief Executive Coll MacRury said "China and Russia had led a global cutback on skin purchasing, slashing skin values to one third of their 2013 levels. The poor skin market has no immediate or medium term end in sight."

"A strong supply of good quality lamb and mutton from WA's abundant season has resulted in record volumes and overtime at Katanning. We expect lamb availability to tighten from January onwards, but the carcase weight and quality maintaining their high standard. Contracts for the mid December/January period were well received by the members and will again assist WAMMCO to achieve satisfactory production levels early in the New Year."



*WAMMCO CEO Coll MacRury (left) and Katanning Plant Manager Tony Bessell (right) discuss plans for the freezer upgrade with Katanning Plant Engineer Kim Johnson and Despatch Manager Alex Hamlin*

"A start on the new \$11 million freezing complex at Katanning is expected early in the New-Year and we are planning to have the new facility operating in time for the 2015/16 season. The new technology is an Australian first and is modelled on new chiller concepts developed for the dairy industry in Europe, with all-Australian hardware specifically designed to suit our needs. **It will enable WAMMCO to cater for the new consistent temperature standards required by leading offshore supermarket chains and we will also be able to prepare cartons for frozen shipment 30-40% faster with further savings on labour.** The new Katanning complex

is adjacent to the existing freezers and we are hoping that completion in August will enable hook-up to coincide with the winter maintenance shutdown at Katanning."

Coll said WAMMCO's plant at Goulburn had also recently set an all-time, one-shift production record. The \$4 million boning room investment at Goulburn should commence in August.



*Bill O'Keeffe (Gnowangerup), retiring WAMMCO Director Tony Boyle (York), WAMMCO Chairman Dawson Bradford, Mike Norton (Capel), Bruce Wright (Mt Barker) and current Director Craig Heggaton (Kojonup) at the recent WAMMCO AGM.*

## KATANNING CHRISTMAS CLOSURE DATES

The Katanning plant will close for the Christmas period from Wednesday 24<sup>th</sup> December 2014, and reopen for processing on Monday 5<sup>th</sup> January 2015.

The last livestock delivery for 2014 is Monday 22<sup>nd</sup> December 2014.

The first livestock delivery date for the New-Year is Sunday 4<sup>th</sup> January 2015.

The Katanning Booking office will be open on Wednesday 31 December 2014 and Friday 2 January 2015 from 9am til 2pm for booking and livestock confirmation. Please phone Shannon on 1800-199197 or 98 212000

The Livestock Representatives are available:

Peter Krupa - up to Friday 19 December, and from Monday 29 December 2014 – 0427 810613

Wayne Radford – on leave, returning Monday 5 January 2015

Rob Davidson – available other than Public Holidays – 0429 380195

On behalf of the Livestock Team, Peter, Wayne, Rob, Phil, Judy and Shannon we wish you all a Merry and safe Christmas and a successful 2015.



## NEW PEAKS FOR KATANNING

WAMMCO's Katanning Manager, Tony Bessell has confirmed significant new throughput records for his plant achieved during October 2014.

"On October 14 the boning room surpassed its previous production record set in October 2011. This performance then assisted the Katanning plant to set a new all-time tally record for October. It was a great result, assisting the Co-operative, its members and staff to capitalise on supply and market factors in the busiest month of the year."

Tony said the team of New Zealand workers were already returning home for Christmas and the start of the new season on the South Island. Now annual visitors to Katanning, they had again made a significant contribution to high processing volumes during the peak production period.

On a sadder note, another long term contributor to the local Muslim community and to the Katanning plant, Aklie Lawrie died during a visit to Singapore on Katanning mosque business late in November. Aklie was one of four Christmas Island originals who migrated to Katanning in the 1970's and retired in June this year after a lifetime of work at the plant.



*Maria Nickery (left) Baldie Mitchell, Aklie Laurie and Abdul Raman Sawell at their recent farewell at WAMMCO Katanning*

## MEAT MARKET OUTLOOK

Further falls in the A\$ against the US currency during the past few weeks has helped sustain good sales of lamb and mutton into all markets and served to make Australian exports more competitive against alternatives.

A firm programme of chilled leg sales into Europe for Christmas is drawing to an end with firm selling prices achieved into the United Kingdom and France. The strong kills throughout the past month, including overtime and Saturdays at Katanning, has provided good processing capacity to maximise these high-value sales.

**For the post-Christmas period, demand in Europe appears less buoyant with high frozen inventories and increasing supplies out of New Zealand serving to dampen demand.** Forward sales on frozen products are slower to get moving and prices appear to be lower than current returns. Chilled sales however have been more positive and a new programme of chilled legs has been confirmed into the United Kingdom for supply through into the New-Year. A similar programme is under discussion for supply into France over the same period which will take in the busy demand period of Easter.

**Sales into the USA and Canada continue to provide a solid base of demand for chilled loin and rack sales.** Sales for the Christmas period have been strong and FOB revenues from this business have been bolstered by the lower

A\$. Negotiations are underway to secure the next period of supply, though there is strong competition about the market and selling prices and revenue are predicted to come under pressure.

**Regular shipments of lower value cuts are continuing into China, though demand is more subdued compared with last year.** Selling prices have come off their peaks and there is anticipation that increased supply from New Zealand will see downward pressure on revenues.

The recent China – Australia Free Trade Agreement is welcome news and will help increase the competitiveness of Australian lamb and mutton exports over the coming years.

The key outcomes of the agreement include:

- Elimination of the tariffs on sheepmeat (currently ranging from 12 - 23%) within 8 years.
- Elimination of the 18% tariff on frozen sheepmeat offal within 7 years.

New Zealand sheepmeat exporters currently enjoy a competitive advantage over Australian exporters whereby their Free Trade Agreement has already reduced tariffs down to 2.7-5.1% and by 2016 will be completely duty free.



*Damien Giumelli (Marketing Manager) and Brad Ipsen (Manjimup) catch up at the recent WAMMCO AGM*

## MEET YOUR CUSTOMER — CLASSIC FINE FOODS

**2014 celebrates 10 years since WAMMCO International commenced business with Classic Fine Foods.**

Classic Fine Foods have developed a network of premium fine food distribution companies throughout the world. In January 2001 it commenced operations in Hong Kong, Taiwan, Singapore, Malaysia and Japan and has since expanded into the Philippines, Indonesia, Vietnam, Thailand, UAE, United Kingdom, Macau and more recently China.

In late November Classic Fine Food's CEO Fergus Balfour and Greater China's Managing Director Jacques Boissier visited the Katanning Plant. It was Fergus's first visit to WAMMCO and Jacques last visited eight years ago. Both gentlemen were extremely impressed with the facility and were impressed with the changes within the plant and the work that has been done outside the plant by growing trees to enhance the area and the environment. They commented that this shows from the shareholders a high level of commitment to the permanent development in terms of processes, automation and hygiene which is reflected in the quality of the products delivered.

**Jacques commented that the quality, consistency of the product and excellent service keeps him purchasing WAMMCO lamb.** He also remarked that China will become a very significant market for quality high value products such as WAMMCO lamb as the purchasing power is increasing and people will be looking for clean products from proven origin.

**Classic Fine Food Hong Kong services the majority of the major 4-5 star hotels and restaurants in Hong Kong including several Michelin star restaurants. One of these is the only 3 star Michelin Italian restaurant outside of Italy.**



*WAMMCO Senior Marketing Executive Albert Baker (left) with Classic Fine Foods Greater China Managing Director Jacques Boissier and Managing Director of Austral Pacific Export Peter Atsaros.*

In Hong Kong this year Classic Fine Foods started a one day event called "The Gourmet Experience" which looks like a private fair where booths looking like stores are presented to display and cook the produce of their various suppliers. It was attended by more than 600 customers representing the best hotels, restaurants and retail stores of Hong Kong and Macau. In view of the success we will renew this experience in September 2015. Classic Fine Foods will be very pleased to display the WAMMCO Brand in their "Butcher Store" and allow our customers to be able to taste the products.

## **STRONG SUPPORT FOR THE 2014/15 WAMMCO STATE PRIME LAMB CARCASS COMPETITION**

The introduction of the unshorn New Season Lamb category has generated early interest in the 2014/15 WAMMCO State Prime Lamb Carcass Competition.

**To date 42 entries have been received totalling more than 11,700 lambs with an average carcass weight of 23kg.**

Whilst it's too late to enter the unshorn New Season lamb category there are still 4 other categories to enter with the carcass competition remaining open for entries up to the end of processing on Friday 29<sup>th</sup> May 2015.

### **Entry requirements:**

- Open to members only
- A minimum of 100, 2014 born crossbred lambs per entry
- Entry fee is \$50
- Multiple entries are permitted and encouraged
- Please identify competition lambs on your NVD

### **Categories:**

- Overall heavy weight (premium wt range 22.1-26kg)
- Trade weight (average consignment weight must be between 18.1 – 21kg)
- Large consignments of 300+ lambs
- Lambs from Merino ewes - traditional first cross lamb (Terminal sire over Merino dam)

Entry forms are regularly printed in the Farm Weekly, can be downloaded from the WAMMCO webpage

<http://www.wammco.com.au/news/news-item/2014-15-wammco-state-prime-lamb-carcass-competition-is-open.html> or are available from

members of the WAMMCO Livestock team. For more information please contact Rob Davidson 0429380195.

**The 2014/15 WAMMCO State Prime Lamb Carcass Competition is supported by Farm Weekly, Primaries, Elders, Superior Livestock Services, Milne Feeds, Zoetis, NAB Agribusiness, Gallagher Animal Management and WAMMCO.**

## **LIVESTOCK REMINDERS**

**Keep a close eye on the condition score of your breeding ewes.** The October/November

rains have leached minerals and general feed quality from dry feed and thus this class of stock will require more supplementation to maintain their body condition. Ewes should be in condition score 2.5 – 3 and on a rising plane of nutrition at joining. Draft any light condition ewes from the mob at least 4 weeks before joining so these girls can receive preferential feeding. **Remember it is easier to feed a little each day to maintain condition rather than let your stock slip and then attempt to regain the condition by feeding large quantities of grain.**

With stubbles becoming increasingly available train your young stock to recognise particular grains before they are released into the stubble paddock. This will also allow their rumen microbes a chance to adjust to the new diet and you won't experience the initial drop in condition due to subclinical acidosis.

**Summer rains have germinated Caltrop in particular regions.** Sheep grazing Caltrop can become seriously ill with the most common effects being severe liver damage and photosensitisation (sensitivity to light). Affected animals can be rejected at slaughter due to being jaundiced. Where possible don't put sheep in paddocks where Caltrop is growing. Where this is unavoidable, always provide a highly palatable alternative feed supplement and check the stock daily for any symptoms. You can assume affected animals will have a damaged liver and thus won't be able to process high protein diets. Place affected animals in a low stress, shady paddock and offer sweet palatable fodders for a period of up to 6 weeks.



*Caltrop - Image courtesy of West Australian Department of Agriculture*

Young weaners and lambs still to be finished will soon benefit from a vitamin E supplementation. Green feed is a rich source of vitamin E, however dry feed and grain based diets contain little vitamin E. **Young stock generally benefit from a vitamin E supplement 6-8 weeks after the green feed has gone.** Classic symptoms of a deficiency include stock that are not productive (i.e. aren't gaining weight or growing wool that also have a shuffling gait. Thankfully this deficiency is easy to treat with a range of commercially available powders and drenches.

In an attempt to slow down the development of drench resistance it is now recommended that summer drenches be limited where possible to only your younger stock. By reprogramming the drenching of adult sheep to late March/April you remove any worms that have built up since the previous Spring and at the same time prevent the contamination of pastures with worm larvae ahead of the break of season and weather more conducive for worm larvae to survive. If you are concerned about the effectiveness of your current drench of choice request a drench resistance testing kit from the Department of Agriculture and Food Albany office.

## CONFIRMING LIVESTOCK BOOKINGS

In order to run our business as efficiently as possible, members and livestock agents are reminded that they need to confirm full details of their consignments as early as possible.

**For Sunday – Tuesday deliveries,** the Livestock Office must be notified of full consignment details by noon of the previous Thursday.

**For Wednesday & Thursday deliveries;** consignment details must be submitted by noon on Monday of the delivery week.

If you no longer require your allocations please contact the Livestock Office or one of the three Livestock Representative and cancel as soon as practical.

## SKINS OUTLOOK

WAMMCO Skins Manager Matt Craig reports "the general quality of the new season lamb skins this spring has been excellent. **The skins have been clean and where lambs have had to be cleaned up before trucking, it is pleasing to see growers are no longer crutching over the top of the tail.** Currently we are starting to see some skins showing some light seed and mushy bellies."

As we move into the new-year and see increasing numbers of shorn skins, our best advice (where possible) is to keep the lambs until they have wool length of  $\frac{3}{4}$ " inch.

Prices are very much dependant on Russia as they are the major market for the finished product. Sanctions enforced by the western world on Russia have dramatically devalued the Russian Rouble and is now the major limiting factor on trade. A cold Northern hemisphere winter will also prompt increasing sales.

As for sheep skins, the outlook is not great. Short skins (less than an inch) are hard to move however China is showing an interest for the longer length material.

## ONLY 2013 EDITION OF THE LPA NVD WILL BE ACCEPTED FOR LIVESTOCK MOVEMENTS

**Members are advised that WAMMCO supports the Red Meat Advisory Council's collective industry wide agreement to phase out all old versions of the Livestock Production Assurance National Vendor Declaration (LPA NVD) up to including the 2012 version.**

Red Meat Advisory Council recognises the importance of the LPA NVD to Australia's ongoing access to overseas markets and the trade in livestock domestically.

Benefits of only using the 2013 edition of the LPA NVD include

- Avoiding confusion amongst livestock suppliers when completing LPA NVDs
- Simplifies administration and preparation of compliant kill schedules
- Minimizes confusion when trying to explain the difference in forms to overseas auditors especially when an interpreter is used
- Removes the need for producers to make country eligibility statements (i.e. Saudi eligible) on the LPA NVD and therefore rely on the answers to the questions to determine the destination of the product.

The 2013 edition of the LPA NVD is recognisable by the pre-printed edition number (i.e. Sheep and Lambs: S0413) located at the top left of the document.

You can order a 2013 edition of the LPA NVD booklet online at <http://lpa.ausmeat.com.au/> or call the LPA helpline on 1806831111.

**WAMMCO's implementation date will be 1<sup>st</sup> February 2015.** Should old versions of the LPA NVD still be presented, your livestock will be accepted but you will receive a letter reconfirming the Co-operative's 2013 NVD requirement.

Please remember to add the WAMMCO PIC to the NVD. **In the "Consigned to" section WAMMCO now requires "WAMMCO – WJAL0013".**

## CHANGE TO SAMM'S KEEPS O'NEILL'S IN SHEEP

The promise of a reasonable return from crossbred lambs saved Lake Grace farmer Michael O'Neill from a future dedicated to total cropping back in 2009.

Poor wool returns and the need to manage troublesome Merino hoggets had all but convinced Michael and wife Lesley that there was no place for sheep on their 1,000 hectare property. However, positive talk about breeding SAMM lambs for a relatively good market, tempted the O'Neills to try some SAMM rams from Ross Taylor's local "Tiarri"

stud over 600 of their Merino ewes and that decision now sees them keeping half the property for cropping and half for a SAMM-based lamb enterprise.



*Mike and Kelvin O'Neill celebrate their WAMMCO win during harvest last week*

A draft of 136 of their second cross SAMM lambs has just taken off WAMMCO's November Producer of the Month title for the first time, with an average per lamb return of \$105.65 and a top price of \$126.05 including skins. The lambs were selected with the help of Lake Grace Elders livestock agent Graeme Taylor and averaged 23.24 kg with 40.4% of carcasses in WAMMCO's premium target range. The O'Neill's have entered the consignment of lambs into the 2014/15 WAMMCO State Prime Lamb Carcase Competition. Graeme coordinates lambs from the O'Neill's with lambs from other local clients to maximise freight efficiencies to Katanning.

"Our cropping returns so far this season are our best ever and if the weather permits us to get it all in the bin, we will easily eclipse our income from the SAMMS. However we have had more bad years than good ones over the past decade and without the security of the lamb enterprise our ambition to do more caravanning would still be a fair way off" Michael said this week.

He said he had developed a good working relationship with Tiarri SAMM owner Ross Taylor (and he wasn't a bad deep sea fisherman as well).

"The SAMMS have been relatively easy to run and are good mothers producing well over 100% lambing percentages. Their wool is lighter in weight and of lower quality but still shows a handy return. We have added some of the second cross SAMM ewe lambs to lift the breeding flock to around 700 ewes this year. They will be mated just before Christmas with some later lambs to give us access to higher prices later in the season."

Mike manipulates his clover based pastures to improve productivity and to suit his cropping cycles. There has been plenty of green feed this season right up until now and apart from topping up with some barley through lick feeders, little supplementary feeding was necessary.



*Michael O'Neill's lambs utilising a lick feeder*

Michael said he had joined WAMMCO as a shareholder when he changed to SAMMS in 2009 and had since increased his shareholding to ensure he received rebate entitlements. He says new lice and fly technology and other management aids have made sheep ownership easier and he is confident that lamb returns should remain stable.

His son Kelvin farms 12 km away and also runs a mixed Merino/SAMM flock. "We share our workloads but make our own management decisions in an arrangement that works well for both" Michael said.

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 Wayne Radford 0429 944733  
 Rob Davidson 0429 380195  
 Or your local livestock agent

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**Bookings**

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