

96/N09



Producer Research Support

Lamb alliance increases quality supply

Grenfell Prime Lamb Marketing Group



The project

The Grenfell Prime Lamb Marketing Group (GPLMG) initiated a Producer Research Support funded project to enable the successful establishment of the Pastoral Prime Alliance.

Objectives

1. Increase returns to all sectors of the lamb industry by consistently supplying a minimum of 400 quality lambs per week to Pastoral Prime, Canberra;
2. Group member education in desired Pastoral Prime market specifications, pasture/ animal assessment and best practice lamb management to ensure the delivery of quality lamb and skin products; and
3. Monitor carcase specifications and price over the period of proposed funding to provide feedback to group members and evaluate the success of such a direct marketing alliance.

What was done

Michael Considine and livestock agent Clive Anderson started working with 10 retailers in a bid to co-ordinate the delivery of a consistent supply of assessed lambs.

Since then the throughput of the Pastoral Prime Alliance has increased by about 600% with current supply now running to 1,500–1,700 a week in a ground breaking alliance that has been a catalyst for change at the production, processing and retail levels.

The Pastoral Prime Alliance delivers lamb products to meat retailers and supermarkets under the Pastoral Prime brand. The alliance is led by Pastoral Meats Pty Ltd, a wholesaler subsidiary of Burrangong Meat Processors.

Other members include retailers - principally in and around Sydney and Canberra - and suppliers from producer groups in the Grenfell district and the Central Tablelands of NSW.

What happened?

Mr Anderson said that as the alliance had strengthened the number of producers within, it had grown.

"It has been important that all within the group have live assessment skills and understand the basic workings of the alliance from the processors point of view."

He said demonstrating the benefits obtainable from large lean lambs was not one only reserved for retailers, but was an integral part of the learning process on farm.

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Key points

- The program enjoyed a high profile and successfully demonstrated a model alliance for other national programs.
- The Pastoral Prime logo is recognised as a quality image and assisted the PP objective of gaining market share by providing consistent quality lamb. In part this has been responsible for PP competitors making significant changes to the procurement of supply and management of their wholesale businesses.
- Sales and throughput at the end of the trial were more than 800 a week. The Business Plan shows the alliance aims to increase throughput to 2000 lambs per week by the year 2000, 52 weeks of the year.
- Improved communication between sectors is evident in the alliance compared with traditional marketing relationships. Feedback is provided to producers with 80% of their lambs meeting the relatively tight specifications of 18–22 kg carcass weight and fat score 2 or 3 (GR measurement 6–15mm).
- Prices to producer members are more stable and higher than saleyard auction prices for similar lamb types. Prices to the wholesaler are generally higher. Retail prices have been collected on a monthly basis from randomly selected PP retailers for a standard set of retail cuts. There is a large variation in retail price between shops and between months.

"An increasing level of maturity and problem solving ability has been required as the issues raised become more complex to deal with. The benefit of the close relationships is the greater transparency within the alliance which allows for heightened awareness of the value chain and more refined production focus."

Mr Anderson said the GPLMG had recorded increases in carcass weights as the level of production knowledge increased. The benefits of this was two fold – increased returns on farm through higher weights and reduced processing costs and associated overheads.

The larger throughputs had required producers to budget more on finishing lambs during the traditional autumn-winter shortfall.

Some producers had split their traditional joining period to spread their intended turnoff to achieve this aim.

Feed budgeting and grazing management had therefore become more important with some members recording increased turnoff through their sharper production focus.

Genetics had also been a major area of interest over the last 12–18 months, since the inception of the EUROP grading on Pastoral Prime product.

LAMBPLAN staff had been involved in two field days aimed at matching genes to market specifications.

Mr Anderson said the 18–22 kg dressed weight specification had not changed significantly over the life of the program. The weight class was lifted to 24 kg, however the supply of heavier, leaner carcasses caused a slight undersupply as lighter carcasses were more favoured by retailers at the time.

He said fat specifications had remained constant with both 2 and 3 score animals accepted.

The higher wholesale price suggests retailers are recouping this outlay through consumers being prepared to pay for quality.

Over the last 12 months conformation had been added to the specification. Conformation is a characteristic used by the domestic market. This inclusion was the first time a domestic alliance had attempted carcass grading based on conformation.

Mr Anderson said the challenges faced by alliance members had seen the initiation of the Pastoral Prime Management Committee (PPMC). This was made up of producers, agents, processors and NSW Agriculture representatives. The committee met on a six-monthly or as needed basis to keep the day to day running of the alliance on track.



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Mr Anderson said the PPMC had brought forward ideas from the different sectors including:

- modification of EUROP to fit Australian conditions;
- a weekly fax setting out price and outlining the next two weeks' supply;
- changes in the skin tendering process;
- a compulsory membership fee of \$50 (to be spent on data collection and marketing); and
- potential forward contracting over autumn/winter.

Mr Anderson said there was an increasing need to make group members aware that the current alliance would only be self sufficient if alliance members took complete ownership of the decision making process.

He said that as one of the leading meat marketing alliances in Australia, Pastoral Prime had carried through some of the knowledge and systems perfected on lamb into the beef to pork sections of the retail business.

"Pastoral Prime is an example to industry of the benefits to be achieved by all participants as a result of greater involvement by all of the alliance members," Mr Anderson said.

Mr Anderson said the future for Pastoral Prime looked strong and the next issues for the Pastoral Prime Management Committee, including representatives of the GPLMG, included Video Image Analysis.

"This technology could have the potential to completely change the way stock are traded within the boundaries of the alliance," Mr Anderson said. "Retailers will have to understand the linkages of the old system to the new, that is weight and fat relative to saleable meat yield or a price dependant on saleable meat yield, as set by VIA in the works.

"Producers may also benefit from the technology's potential to grade carcasses based on conformation, getting away from the current subjectively based system."

Discussion

- This was the first commercial branded product alliance in Australia where the eating quality of meat products is tested on a routine basis. The alliance is delivering a product superior to 'generic' lamb by reducing the proportion of meat falling outside acceptable levels for meat pH, colour and tenderness.
- All lambs are delivered and handled under a quality assurance program described in the PP Code of Practice.
- This was the first QA program set up in NSW.