

94/Q01



Producer Research Support

Group marketing project nets producers

\$12 extra for lambs

Western Plains Prime Lamb Group



The project

This group marketing project conducted by the Balonne Management Group Pty Ltd (BMG) netted members an extra \$12 a head by producing lambs to specification.

In an earlier project in 1994, the BMG members made a commitment to produce lambs - 6050 first-cross (6240 sold) and 7500 Merino (6751 sold).

The group then signed a forward contract to deliver about 480 lambs a week for 20 weeks through the season (9543 lambs sold).

The balance was on-sold to several lamb feedlots to finish (738) and direct to processors on CALM (2710 lambs sold).

The members produced the lambs to the required standards in what turned out to be a very tough season.

There were some mistakes made and many lessons learnt.

Some producers' lambs were highly profitable. Others were not.

Objective

Use and expand existing organisation of committed producer members to professionally apply Total Quality Management principles to the production and marketing of lamb (merino and first-cross) and associated products, with the aim of developing a commercial organisation supplying customers with fresh, large, lean, 'clean' prime lamb of consistent quality that yields the highest possible net returns to producers.

What happened?

At the project wind-up day the producer of the most profitable lambs was awarded a trophy donated and presented by CALM Queensland manager Barry Houle. The producer's Merino lambs averaged \$30.17 finished on improved pasture and cut about \$15 wool. This was regarded as an excellent result given the prevailing market.

The outcome for the 1994 season was that BMG members sold 13,000 lambs for an average of \$31.50.

If these same lambs had been sold into the conventional market they would have averaged about \$19.34.

The members' net gain by group coordination and marketing was estimated to be over \$12 a lamb, a 62% increase in prices over the conventional market.

BMG is currently conducting a feasibility study (jointly funded with the Queensland Department of Business, Industry and Regional Development) to:

'Investigate seasonality and opportunities to market lamb into the existing meat market'.

Balonne Management Group (BMG) aimed to develop a commercial organisation supplying customers with fresh, large, lean, 'clean' prime lamb of consistent quality that yields the highest possible net returns to producers.

This group marketing project netted members an extra \$12 a head by producing lambs to specification.

Key points

- For Merino and first-cross lamb producers to be profitable and remain in the industry they must retain a financial interest in their lambs beyond the carcass stage.
- Merino and first-cross lambs, when carefully produced to suitable quality standards, can supply cuts of lamb equal in quality to second-cross lambs, albeit with slower growth rates.
- Prime lamb production is a valuable diversification to wool production in extensive areas, however the conventional market, with its peaks and troughs in supply-demand and prices, combined with distance to markets-processors, makes lamb production a risky business.

Contact details

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Discussion

This study includes export opportunities.

It also plans to coordinate the sales of group members' lambs and provide feedback to individual group members.

Throughout this project group members sold lambs to most of the major processors in the region. All refused to give any post-sale consumer feedback (one did not even fat score the lambs), despite considerable urging.

The group aims to provide relevant production and marketing information to group producers on a weekly basis.

The weekly BMG 'Lambfax' was sent to all group producers and was found to be a useful group communication medium.

Production

While there are many production methods that do achieve the desired result this project has identified a number of 'most economical-best practice' guidelines that are especially relevant in poor seasons or droughts.

These will be documented in a Lamb Production Manual.

Marketing

The BMG group members and associated network of producers are in extensive management areas so are largely dependant on Merino wool as a prime source of income.

Season variability, including regular droughts, is also a problem to be considered. This means this group and associated producers are likely to produce pure Merino and some first-cross Merino lambs only (second-cross lamb production is an unlikely option).

The BMG '94 Lamb Project identified that Merino and, to a lesser extent, firstcross Merino lambs, are considered by the trade to be a second rate, discount product compared with second-cross lambs by terminal sires.

For Merino and first-cross lamb producers to be profitable and remain in the industry they must retain a financial interest in their lambs beyond the carcass stage.

Consumer surveys regularly show that the major problems with conventional lamb (not trim lamb) is high in fat content and lacks consistency of quality.

Merino and first-cross lambs, when carefully produced to suitable quality standards, can supply cuts of lamb equal in quality to second-cross lambs, albeit with slower growth rates.

Prime lamb production is a valuable diversification to wool production in extensive areas, however the conventional market, with its normal peaks and troughs in supply-demand and prices, combined with considerable distances to markets processors, makes lamb production a risky business.

The proposed BMG '95 Lamb Project was planned to address this issue.

Producer Research Support

MLA Producer Research Support offers support funding of up to \$15,000 over three years for groups of producers keen to be active in on-farm research and demonstration trials.

These activities include:

- Producer Initiated Research and Development
- More Beef from Pastures demonstration trials
- Prime Time Wean More Lambs demonstration trials
- Sustainable and productive grazing grants.

Contact Stephen Feighan - MLA Project Manager, Producer Delivery and Adoption.

Tel (02) 9463 9245 or
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MLA also recommends

EDGenetwork

EDGenetwork offers practical field-based workshops to improve productivity and profitability for the long-term.

Workshops cover breeding, nutrition, grazing management, marketing and selling.

Call MLA on 1800 993 343 or
www.edgenetwork.com.au

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