



# Brief Bytes

*Email update from Alliance Group - your co-operative & partner in farming excellence*



## **Easter chilled lamb programme**



Thank you to those farmers who helped us meet our commitments for the Easter chilled lamb programme. The volume of livestock enabled us to process product efficiently and satisfy our customer orders. Our aim is to maximise the price to farmers, but with the Easter Chilled Programme coming to an end later in the month, we

can expect to see further easing of the schedule. We will continue to provide you with price indications in the months ahead.

## **Visit from Germany**

We are looking forward to hosting visitors from our long-standing market partner, German meat importer Alexander Eyckeler GmbH (AEG), together with representatives from their processing partner, Willms Flesich GmbH, next month.

AEG has deep roots within the German meat industry. Alexander's parents founded an exclusive butcher with its own restaurant in Düsseldorf in 1958, growing it into a leading company, which was sold in the 2000s. We have worked with Alexander for more than 30 years, both in his family business and then AEG, which he launched in 2008.

New Zealand meat makes up more than half of the total volumes for the business with 90 per cent of this purchased through Alliance Group. AEG is one of our largest single clients, buying lamb, mutton and venison from us annually, and this continues to grow in both value and volume.

AEG is the primary and preferred NZ lamb, mutton and venison supplier to the major Metro group providing access for our products to 751 stores in 25 countries, and it has preferred supply status to thousands of hotel and restaurant businesses.

The delegation will include AEG founder and director Alexander Eyckeler, fellow director Markus Wagner and Mr Werner Willms of Willms Flesich GmbH, and Mr Willm's wife. Willms Flesich GmbH is AEG's processing partner and together they look to add value for lamb in retail and food service, especially through the Metro and Aldi chains. They are keen to see Alliance Group's technology and will visit Smithfield and Lorneville plants as well as a Southland farm. They will also be discussing new opportunities to further cement our strong partner relationship.

## **Award win**

Congratulations to Gore farmer and Alliance Group supplier Peter Morris, who was named the winner of the Gore A&P Association's Prime Lamb competition last week. His charollais texel lambs were judged on the hoof at the Gore A&P Show in early February and then on the hooks after being processed at our Lorneville plant. Mr Morris also collected the trophy for the Mint Lamb Competition at the Canterbury A&P Show in November.

## Marketing in the UK Food Service Sector



Alliance Group is establishing a specific food service team in the UK to grow this category and enable the co-operative to roll this programme out across our global markets. Food service is growing faster than retail as a result of the declining cost of eating out compared to cooking at home and the busy lives of 'time-poor' consumers. Food service offers the potential for the co-operative to capture greater market value, a key part of our business strategy.

The initial team of four, which will include sales and marketing, will be in place by April. We will continue to keep you informed on the progress of this important initiative.

## Venison Minimum Price Contract

We are pleased to advise a Minimum Price Contract is available for venison out to the end of April. If you are interested in participating in the Minimum Price Contract, please contact your local Livestock Representative, who will be able to explain the detail of the contract.



## Former Sainsbury's intern joins Alliance Group



Anna Ballantyne travelled the world as part of our customer Sainsbury's intern programme to study how many of the foods it supplies are produced - but it was Alliance and New Zealand which won her heart.

"I went to places like Costa Rica to look at bananas, Panama for pineapples and Senegal for sweet potatoes," said Anna, who was awarded the coveted scholarship after graduating with a degree in nutrition and food science from the University of Nottingham.

"The New Zealand trip in 2012 was initially for six weeks as an intern with Alliance Group. I was based at Lorneville in the Development Services offices and I loved everything about it. Everyone was friendly and helpful, the work was interesting, the company is so forward thinking and I got great experience.

"After my six weeks, I went on to Australia but I'd enjoyed Alliance Group so much that I went back and worked with the business for another two months."

Returning to the UK, Anna spent the next three-and-a-half years working for Sainsbury's, becoming Technical Manager for their chain of cafes. However, she still missed New Zealand and Alliance Group.

"Even while I was here the first time, I didn't want to leave," she says. "It has always been my aim to come back and when Brexit happened, I asked Alliance Group if there were any job opportunities."

Now, Anna is bringing her skills and experience to bear as a Development Technologist. She's working on The Omega Lamb Project, a Primary Growth Partnership programme involving Alliance Group, Headwaters and the Ministry for Primary Industries. The project aims to produce the world's healthiest lamb, with high levels of polyunsaturated fatty acids, intramuscular fat and omega 3.

"It's an incredibly exciting project to be working on. I'm working out of the Development Services office at Lorneville and the Smithfield plant at Timaru and there's huge variety in my job.

"The project is about doing things differently. It is putting the customer at the heart of what we do and that will have far-reaching beneficial impacts on the industry beyond this specific project."

### **Plant odour claims**

You may have seen some newspaper reports of residents complaining about an odour in Timaru recently and claims it originated from our Smithfield plant.

Alliance Group has got our part to play in ensuring the amenity of Timaru residents. We have completed our own internal investigation, reviewed our processing systems, engaged air quality and rendering experts and carried out maintenance of our odour capture systems.

Some complaints have been at times when our rendering process is not operating and so it is unlikely we are responsible for all events in the area.

We remain committed to working constructively with Environment Canterbury and improving our performance.

### **Market Update**

#### **Lamb**

The UK Easter trade is firm with production volumes now expected to meet market requirements over the next one to two weeks. Post-Easter business is presently being negotiated. On the continent, Easter production is nearing completion with traditional frozen demand firm across most major product lines. Overall lamb prices are expected to soften with the end of the Easter chilled lamb programme.

North American supply demand fundamentals remain favourable and limited Australasian supply is sustaining a firm market post-Chinese New Year.

The Middle East market is steady but increased competitors supply is putting some pressure on medium term pricing.

#### **Mutton**

Good demand for sheep around the globe is keeping prices firm and inventories low but heavier grade mutton remains difficult to move to market. Our marketing team is reporting good enquiries for quality mutton. As we come to the close of the Easter chilled lamb programme, space will free up to process more sheep. We encourage shareholders to take advantage of this capacity over the coming weeks to ensure our marketing programme for mutton meets customer demand.

## Venison

There have been several contributing factors to the strong venison prices this season. Significant demand from the super-premium pet food sector have kept bones and offal items firm. Co-products are steady due to the demand from Traditional Chinese Medicine and the health food ingredient sector. There has also been a lift in manufacturing material for necks, shanks and trim due to lower availability. Middle cuts are strong in the food service sector while the all-important leg muscles price is at an historical high in both the ready meal retail sector and food service areas. We are putting more products into the US and UK, giving us a more balanced basket and keeping supply and demand fundamentals tight.

## Cattle

Volatility has emerged in some US bull and cow manufacturing lines. US domestic prices are under severe pressure. With China just returned from New Year, buyers are only just in the price discussion phase so it's too early to say if prices will remain steady.

Japan and Taiwan have been quiet while Indonesia has shown limited buying interest.

The recently imposed ban placed on New Zealand beef by Russia will have an impact on exports, particularly beef liver but this event creates minimal exposure for Alliance Group.

Chilled prices remain strong on the New Zealand domestic market, but with the grilling season nearing an end, prices are expected to ease.

## Co-Products

There has been no change for pelts. Poor demand for wool continues but price levels for hides have continued to improve slightly. There has been no change for casings. We do need to try to maximise wool on skins while quality standards remain, through until the end of March.

Warm regards

David Surveyor

**Chief Executive**

*Your co-operative, working with you across the supply chain*



Phone: 0800 354 435  
Email: [communications@alliance.co.nz](mailto:communications@alliance.co.nz)  
[www.alliance.co.nz](http://www.alliance.co.nz) | [www.puresouth.com](http://www.puresouth.com)