



Brief Bytes

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



I look forward to any opportunity to meet with farmers and the Wanaka Show today was no exception. If you're in the area tomorrow, Saturday, do drop into our tent and say hello. Congratulations must go to the winners and finalists of the 2016 Beef + Lamb New Zealand Golden Lamb Awards - aka 'the Glammies'. Our suppliers and cooperative certainly dominated the categories as you'll see below.

GRAND CHAMPION Robert, Rosemary, Grant & Teri Gardyne, Oturehua (Perendale)

PROCESSOR OF GRAND CHAMPION Alliance Lorneville

RETAIL CHAMPION Pure South, Alliance Group (Romney/Southdown) (Riverside, Otago)

CLASS 1: BEST OF BREED: TRADITIONAL

1st - Robert, Rosemary, Grant & Teri Gardyne, Oturehua (Perendale) processed at Alliance Lorneville

2nd - James & Fiona Macdonald, Te Anau (Romney/Perendale/Romney/Texel) processed at Alliance Lorneville

3rd - Paul, Rachel, Mark & Louise Heslip, Balfour (Perendale/Romney) processed at Alliance Lorneville

4th - Jane & Patrick Leogreen, Dannevirke (Romney/Composite) processed at Alliance Dannevirke

CLASS 2: BEST OF BREED: CROSSBREED

1st - Forbes & Angus Cameron, Ashurst (Romney/Growbulk) processed at Alliance Dannevirke

2nd - Jeffrey & Kathleen Black, Riverton (Texel/Coopworth) processed at Alliance Lorneville

4th - Doug & Jeannie Brown, Oamaru (Romney/Suffolk/Texel) processed at Alliance Smithfield

CLASS 3: BEST OF BREED: TERMINAL CROSS

1st - Andrew Tripp, Gore (Romney/Texel/Suffolk/Texel) processed at Alliance Lorneville

2nd - Jane & Patrick Leogreen, Dannevirke (Texel X/Suffolk/Texel) processed at Alliance Dannevirke

4th - Wilson & Gaylene Ronald, Fairfax (Texel/Coopworth/Texel) processed at Alliance Lorneville

CLASS 4: BEST OF BREED: OPEN

2nd - Leon & Wendy Black, Riverton (Textra) processed at Alliance Lorneville

3rd - Forbes & Angus Cameron, Ashurst (Growbulk) processed at Alliance Dannevirke

CLASS 5: RETAIL

1st - Pure South, Alliance Group (Romney/Southdown) (Riverside, Otago)

4th - Pure South, Alliance Group (Tefrom/Suftex) (Twin Farm Ltd, Gore)

Alliance Group's monthly Board meeting was held at Smithfield Plant in Timaru for the first time this week. Following the Board meeting, directors enjoyed meeting a number of Platinum and Gold farmer-shareholders from the local area. It was a great opportunity to share with farmers an update on the company's progress and to get insightful feedback from our farmers. The Board regularly holds meetings at a plant, giving directors an opportunity to have safety interactions with employees. This is part of our drive towards zero harm in the workplace.

Sheep and Lamb

Procurement prices for lamb continue to sit above where global market pricing suggests they should be. Farmgate livestock prices are being impacted by competitive procurement activity across our shareholder supply base. In the face of targeted and selective pricing by some in the procurement market, we are endeavouring to stay true to our cooperative principles and be as consistent as possible on pricing. That said, we will respond to these challenges.

Beef

Short term volatility is expected to continue in the beef sector, but generally the expectation around pricing changes is relatively neutral. Increases in domestic US supply and exchange rate volatility does have the potential to result in some softening.

Venison

Relatively stable demand continues and stable market pricing is expected. Exchange rate volatility may result in some minor fluctuations in price.

Ram culling reminder

Just a reminder that we will be processing cull rams one year or older over the next two months - so a timely option for farmers and stud-breeders with unsold stock. Very few processors offer this service so please contact your livestock rep to organise pick up.

Significant lift in yield performance

One of the key areas of our strategy is improving the operational performance at our plants. It's pleasing to see that the average yield performance for processing across our product range has improved significantly, including more than 1% for lamb and 2% for beef. It's very important to us, because by improving yield, we can ultimately provide better returns for you, our farmer shareholders.

New Smithfield primal cutter on course

Another example of our strategy commitment is the new robotic ovine primal cutting and middles machinery, which is on track to be installed in the boning rooms at our Smithfield plant over Easter.

This represents an investment of about \$7.5m and will help us achieve higher yields, improve processing and reduce operating costs. An analysis has identified significant benefits per carcass compared to manual cutting - including revenue gain from yield improvements.

The design has also allowed for the introduction of further technology additions in the future as they become available.

Installation of the same technology is scheduled to begin at our Pukeuri Plant in June.

Sainsbury's woolshed meetings

Thank you to all who hosted and attended the recent series of seven woolshed meetings across the country for members of our Sainsbury's Producer Groups. Greg Mirams from Techion Group outlined how Alliance, Sainsbury's and Techion are working together to help farmers to improve on-farm productivity.

Shona Frengley, Technical Officer from our Livestock Division, discussed the results of the 2015 Sainsbury's farm performance project and John Rabbitt, our Marketing Manager for Sheepmeats outlined the latest insights from Sainsbury's and other markets for sheep, beef and venison.

Rabobank also provided a presentation on how farmers can protect their bottom line in tough times.

High performing farmers learn from other high performing farmers so this was also a good opportunity to get together over some barbecued lamb cutlets and share ideas.



Photo: A Sainsbury's Producer Group meeting at James & Debbie Paterson's farm at Ranfurly.

Welcome to Sainsbury's graduate Becky

Still on the subject of Sainsbury's, welcome to Becky Chapman of Sainsbury's graduate programme. She will be joining Alliance Group for a five week placement from Monday (March 14).

Becky is aiming to gain as much exposure as possible to the Alliance Group business, "from farm to fork." She will be based at Development Services and spending time at our Lorneville and Mataura plants.

Prime visitors

Alliance Group customer Gunter Bagowski, of Prime Meat, and his wife Sabine visited us this week from Germany. They enjoyed tours of our Lorneville, Mataura, Dannevirke and Smithfield plants. We have a long term relationship with Prime Meat, which buys a range of lamb and venison products from us. Gunter and Sabine were very impressed by the technological improvements and the emphasis on health and safety. They also attended the Sainsbury's Producer Group meeting held at Ranfurly. Gunter was particularly interested in Greg Miram's discussion about the potential to remove chemicals from our food chain and commented that he thought this would strengthen branding.

Alliance conference

A reminder to pencil in 25th – 27th May for our Alliance Pure South conference in Queenstown. We're assembling a great range of speakers for the event so look out for further details in the coming weeks.

Transport update

We're continuing constructive discussions as we prepare for the adoption of a robust mechanism which ensures that as fuel and road user charges vary over time, your co-operative, our farmers and transport companies are treated fairly. That means when these costs increase or decrease, an adjustment will be made.

We've shared our model with a range of operators and Road Transport Association representatives and we've been encouraged by the feedback so far.

As a 100 per cent farmer-owned co-operative, we want to achieve an efficient and sustainable transport solution, but also ensure our transport operators are able to make fair, consistent and sustainable returns.

Our aim throughout this process is to work collaboratively with the industry to lift the utilisation, efficiency and improve the sustainability of the sector.

We will keep you informed of any developments.

Warm regards

David Surveyor
Chief Executive

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



PROCESSING YOUR STOCK



MARKETING YOUR PRODUCTS



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