

THE LAND

SE RURAL
HD Co-op's prime cut
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WC 498 words
PD 6 November 2014
SN The Land
SC FTLAND
PG 22
LA English
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AUSTRALIA'S only farmer-owned beef processor, the Northern Co-operative Meat **Company** NCMC, has posted a record before-tax surplus of \$25.9 **million** for the 2013-14 financial year.

This is on the back of a drought-induced spike in cattle supply and improved operational performance.

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It's a huge jump from the previous financial year's \$3.9m and has been described as a "bittersweet" result by the co-operative's chairman John Seccombe, given the poor livestock prices producer members have had to wear.

The NCMC, a service abattoir at Casino owned by 1500 livestock producer shareholders, held its annual general meeting on Monday.

The record profit will fund major efficiency-improvement works, led by \$25m to \$30m on upgrades to cold store facilities to include freezing and chilling, enabling all product to be frozen on site it is currently transferred to Brisbane or Grafton.

A boiler will also be replaced, knocking box **lead**-up ramp work undertaken to further improve market access, animal welfare and worker safety and \$7m in the next 18 months will go to waste water treatment.

Throughput across the business was up 33 per cent on the beef floor year-on-year and 3pc on the veal floor, which is now operating at 95pc capacity up from 40pc just two and a half years ago, chief executive Simon Stahl said.

That volume of veal comes courtesy of the **purchase** of a new veal marketing business, Ramsey Meats.

The NCMC services a range of kill customers, from traditional beef categories and veal to Wagyu, involving up to 50 operators, ten of whom are major customers.

The direct consignment incentive program paid for livestock purchased by an operator from a producer member paid out \$540,000, up \$70,000 on the previous financial year.

Mr Stahl said it was expected cattle numbers would become much tighter in the next 12 months, particularly if northern summer rain comes.

"We are confident operators will have the supply of cattle they need, either via their own cattle **operations** or solid relationships they've built with suppliers," he said.

"On the veal side, we are focusing on ensuring we can create demand for the end product so when restockers re-enter markets, we will have the money to pay more for veal."

To that end, the domestic marketing campaign would combine with increased volume into **China** expected to grow by 50pc in the next year.

"Our view is we've seen the worst of low veal prices and the tops of what we've come through will become the new low price by as early as the first half of next year," Mr Stahl said.

However, more competition in veal processing would not necessarily **lead** to increased returns to producers, he said.

"It's a limited market in Australia that's why we are focusing on growing it."

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AN Document FTLAND0020141105eab600020