

NRA Convention
Tucson Arizona
October 2011
The Australian Scene

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Impact of drought over ten year period

- ❑ Prior to the devastating floods of January 2011.
- ❑ Brisbane on level 6 water restrictions.
- ❑ Cairns level 5 water restrictions.
- ❑ Qld meat plant kills being determined by water availability.
- ❑ New South Wales critical in many areas.
- ❑ Sydney water supply secured by heavy summer rains.
- ❑ Irrigators in the Murray Darling basin have had supply cut off for extended periods and some permanently.
- ❑ Decline in sheep flock result of drought and low wool prices.
- ❑ Decline in live cattle exports 2003-2007 result of drought

Drought

Victoria had severe restrictions.

Could not wash cars at home or water gardens.

South Australia was similar to worse than Victoria.

Western Australia poor rains in the southern region for a number of years only came good this year.

Two desalination plants installed to guarantee drinking water supply.

Ground water levels dropping.

W.A dams were at 25% capacity.

Even our Apple Isle (Tasmania the place where they produced the beautiful Danish princess) was drought affected.



Impact of harsh weather in Australasia

- ❑ Last year in New Zealand over 500 000 lambs wiped out by an Antarctic cold snap.
- ❑ Christchurch earthquake flattened a great deal of this beautiful historic city with a devastating loss of life.
- ❑ Same conditions this year prior to lambing.
- ❑ In Australia after the drought the east coast pounded by massive cyclones and rain bearing depressions.
- ❑ Many homes and lives lost.
- ❑ Stock losses horrific.
- ❑ Kill facilities sandbagged electrical installations and boiler houses
- ❑ Kill facilities closed up to 3 weeks.
- ❑ Impossible to truck out stock.
- ❑ 2010 worst drought in Western Australia in 41 years saw 1.3 million sheep and 140 thousand cattle trucked across the nation to the now saturated and lush east coast.



RURAL OUTLOOK

- ❑ **Farmers were walking away from livestock production to focus on cropping.**
- ❑ **The focus is slowly back on meat production.**
- ❑ **The victimization of wool growers' mulesing procedures by PETA and the boycotting of Australian wool by certain countries is another reason behind abandoning sheep production.**
- ❑ **The effect of subsidized pig meat imports was reflected in the decrease in sow numbers.**
- ❑ **The exchange rate of the AUD is impacting heavily on meat exporters.**



ARA 2011 Symposium

Sydney Darling Harbour

Great location

Record attendance

Quality presenters

Dorab Mistry

Brazilian

Belgian

Fantastic Canadian Segment



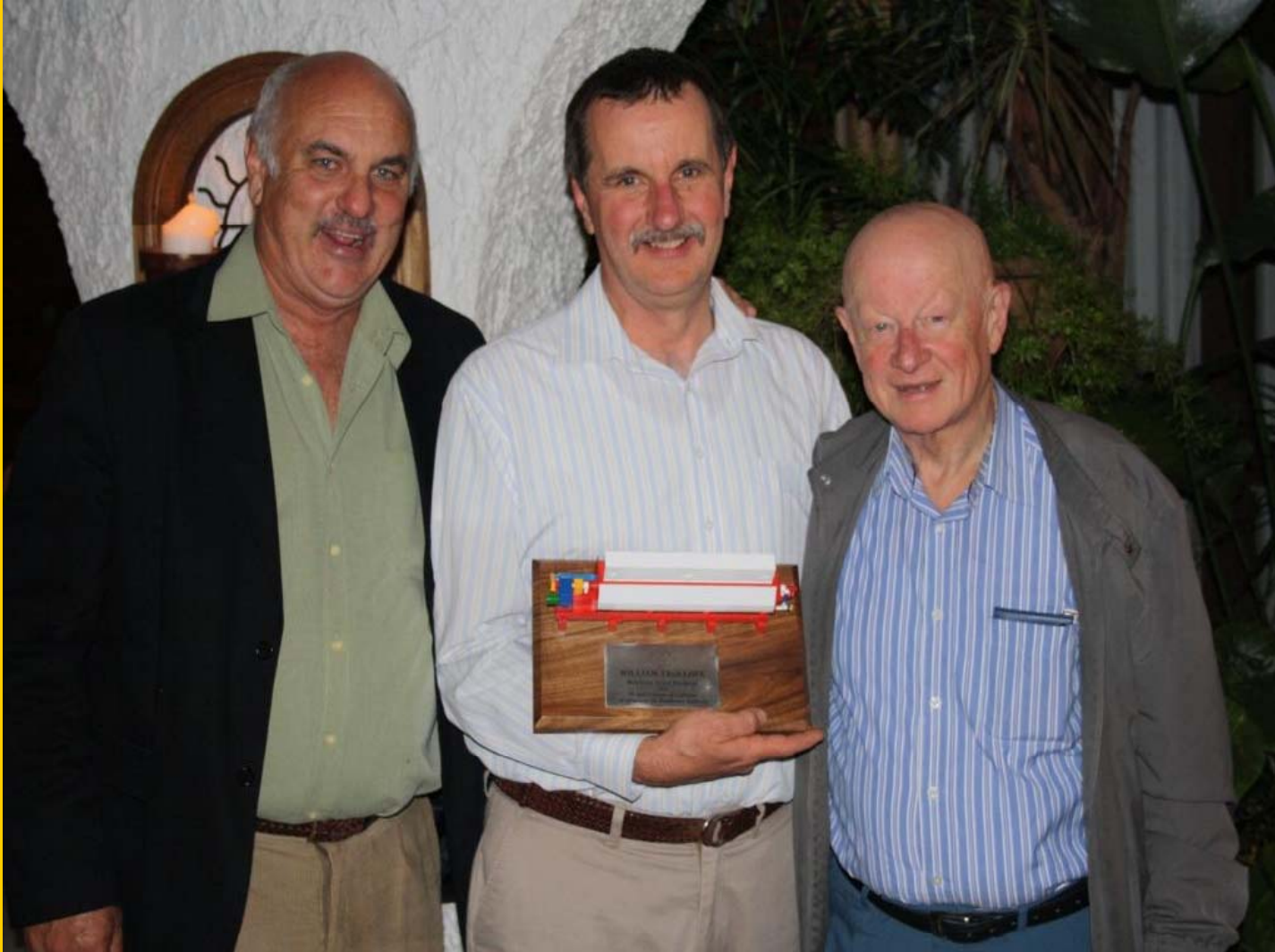
ARA 2011 Symposium



Highlighted with the Ron Lyon Award being presented to the industries favorite son Bill Trollope.

Bill's Retirement

- ❑ Sadly the quiet achiever stunned us all with the announcement of his premature retirement.



Sincere thanks to the Dupps Company for providing the miniature presented to Bill at his farewell dinner

Changes in the last ten years

❑ Closures

❑ 24 Establishments

❑ Mergers

❑ 10 Establishments

❑ Acquisitions

❑ 26 Establishments



Livestock numbers past ten years

Year	Total Cattle
2000	27.588m
2001	27.721m
2002	27.870m
2003	26.664m
2004	27.465m
2005	27.782m
2006	28.393m
2007	28.037m
2008	27.321m
2009	27.907m
2010	26.550m



Total flock Sheep
118.551m
110.927m
106.165m
99.252m
101.287m
101.125m
91.027m
85.711m
76.938m
72.740m
68.085m

Kill numbers past ten years

Year	Cattle	Sheep
2000	8.781m	34.886m
2001	8.763m	33.685m
2002	9.049m	31.958m
2003	8.906m	26.952m
2004	8.802m	27.818m
2005	8.466m	29.864m
2006	8.853m	32.596m
2007	8.899m	32.631m
2008	8.652m	31.204m
2009	8.410m	29.904m
2010	8.272m	24.767m



Fiscal Year	Pigs
2000/2001	5.016m
2001/2002	5.402m
2002/2003	5.741m
2003/2004	5.591m
2004/2005	5.342m
2005/2006	5.370m
2006/2007	5.321m
2007/2008	5.171m
2008/2009	4.476m
2009/2010	4.561m
2010/2011	4.643m

Live export numbers past ten years

Year	Total Cattle Head
2000	895982
2001	822474
2002	971880
2003	774248
2004	637748
2005	572799
2006	634314
2007	719482
2008	868510
2009	954143
2010	874916



Year	Total Sheep
2000	5.421m
2001	6.811m
2002	6.062m
2003	4.742m
2004	3.397m
2005	4.184m
2006	4.167m
2007	3.773m
2008	4.215m
2009	3.567m
2010	2.968m

MBM and Tallow Exports past five years

		Tallow			MBM	
2006		364205			238209	
2007		361856			273893	
2008		372531			259903	
2009		344359			249855	
2010		352346			261151	

ABP Production Estimates Year Ending June 2011

- Meat & Bone Meal 550,000 mt.**
- Tallow 500,000 mt.**
- Poultry By Product Meal 75,000 mt.**
- Feather Meal 35,000 mt.**
- Poultry Oil 50,000 mt.**
- Bloodmeal 60,000 mt.**
- Small amount of Fishmeal.**

Aquaculture growth and dependence on rendered products

Skretting recently commissioned a AUD 36 Million expansion of their Tasmanian facility.

Will double their output from 70000 to 140000 Tonnes.

This combined with other feed mills will eventually see nearly 300 000 tonnes of fish feed produced annually.

With an inclusion rate of 30% land animal protein, aquaculture will consume over 13% of our annual rendered meal production.



ARA, NZRG joint marketing workshops

- ❑ 2004 ARA with MLA held two workshops in China
- ❑ Agricultural counsellor at the Australian Embassy in Beijing
- ❑ Specialist Pig, Poultry and Aquaculture nutritionists in attendance
- ❑ 130 delegates in attendance
- ❑ 2008 NZRG invited to participate jointly
- ❑ Workshops in Qingdao and Zhengzhou
- ❑ Around 80 people attended each of these workshops
- ❑ Again specialist nutritionists did the leg work
- ❑ Then down to Manila where 65 people attended
- ❑ March 2010 Australian Nutritionists Veterinary officials and Australian and Kiwi traders attended the Victam trade fair in Bangkok
- ❑ Currently reviewing repeating the exercise with the Kiwis

ARA, NZRG training workshops

- ❑ ARA workshops in the hygienic production of rendered products
- ❑ Moved from Hawkesbury UWS to Gatton in Queensland
- ❑ Still conducted by the ever reliable William Spooncer
- ❑ Over 750 participants have now completed this course
- ❑ NZRG have initiated a rendering supervisors course
- ❑ Response was overwhelming with 37 participants being accommodated instead of the anticipated 20.

ENERGY COSTS

- ❑ LNG more than doubled in the past 36 months.
- ❑ Tipped to rise substantially in the next 12 months.
- ❑ Gas usage is restricted by demand and lack of infrastructure.
- ❑ New Gas fields not anticipated to come on line until 2013.
- ❑ These fields are further out to sea and as a result delivery costs will go up further.
- ❑ Electricity has risen sharply.

ABP Challenges

- ❑ **EU Audits.**
- ❑ **Re-establishment of the Philippine market for Australian ABP.**
- ❑ **Working on Japanese re-entry of non-ruminant meals**
- ❑ **Standing firm on SRM removal.**
- ❑ **Chinese registration.**

Biodiesel in Australia

success & failures

Location	Company	Capacity	Status
Pinkenba	BP	125M	Trials successful but unviable
Narangba	Ecotech	40ML	35% Capacity
Narangba	ABG	160ML	Scrapped *
Berkeley Vale	ABG	40ML	Scrapped *
Rutherford	Biodiesel Ind	30ML	Running 50%
Minto	Biosell	?	?
Barnawartha	BPL	60ML	66%Capacity
N.Laverton	Smorgon	40ML	Operating 50%
Geelong	Axiom Energy	150ML	Prospectus Failed

Biodiesel in Australia

success & failures

Location	Company	Capacity	Status
Moama	Future Fuels	*	Operating
Largs Bay	ARF	45ML	<10%
Picton	ARF	45ML	<10%
Kwinana	Gull Petroleum	38ML	Never eventuated
Regional W.A	Bioworks	Small	
Darwin	Babcock&Brown	147ML	Tech Issues (Liquidated)

Proposed Biodiesel Production

□ Location	Company	Feedstock m/l	Status
□ Fish Island	ARF JV	40,500	Gone
□ Pt Botany	Babcock&Brown	132,300	Gone



Biodiesel in Australia

□ Planned Capacity by State/Territory.

<u>State</u>	<u>Litres Per Annum</u>	<u>Feedstock m/t</u>
□ Qld	285,000,000	256,500
□ N.S.W	52,500,000	47,250
□ Vic	220,000,000	198,000
□ S.A	45,000,000	40,500
□ W.A	83,000,000	74,700
□ N.T	147,000,000	132,300 (Palm oil only)
□ Total	832,500,000	749,250

Conclusion

Carbon tax of \$26 per tonne is currently the biggest concern for renderers

Particularly if those emitting over 25 thousand tonnes per annum are taxed and those below aren't

Either way gas, electricity and transport will all be impacted but our government says the impact will be negligible

Apart from that everything is fine.

