



MEDIA RELEASE
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Only upside in new forward contracts for export wethers and rams

In an exciting development for the sheep industry, Australia's largest livestock exporter, Wellard Rural Exports, has launched forward contracts for live export wethers and rams – guaranteeing a minimum price for export sheep up to nine months ahead of delivery.

The minimum price contracts enable farmers to choose between the forward price and the spot price at delivery – whichever is higher.

“The contracts will give farmers the price and market certainty they need to continue breeding and supplying sheep. They can lock in an extremely competitive price now, plus capture any price upside based on the market at the time of delivery,” said Wellard Rural Exports Livestock Manager Garry Robinson.

“Farmers can hedge against price falls, capitalise on price rises, and benefit from the reduced production risk sheep provide compared to other competing farming options.

“It will give sheep producers the ability to run sheep in the full knowledge they have a guaranteed minimum price and guaranteed market when they are ready to sell.”

Wellard began offering forward contracts for dairy heifers in 2008, and has been extremely pleased with the uptake from dairy farmers who sought to lock in a price before carrying their heifers through to the maturity required by live export.

Wellard Rural Exports Managing Director Steve Meerwald said the release of similar forward contracts for sheep was also designed to continue to stimulate optimism in the sheep industry.

“The sheep flock has been in decline. It is in the live export industry's interests not just to provide some clear price signals to producers, but to enable them to lock in prices which will encourage them to continue to produce the top quality sheep Australia is renowned for,” Mr Meerwald said.

He said the contracts were weighted towards heavier sheep which remained the overwhelming preference of international customers.

“Ideally the Wellard minimum price forward contracts, with premiums paid for heavier weights, will encourage retention of these heavier types which dominated the industry 10-15 years ago.”

Wellard’s minimum price forward contracts schedule currently is:

Category	Weight	Minimum price
Wethers	55kg+	\$80/head
Wethers	50-55kg	\$75/head
Wethers	44-49kg	\$68/head
Rams	65kg+	\$75/head
Rams	45-65kg	\$65/head
Damara and Dorper ram and ewe lambs	38kg+	\$65/head

(Prices are GST exclusive)

Key components

- Prices are for delivery through to December 31st, 2009, initially. Vendors must nominate delivery month and weight category;
- Minimum contract per category is 500 head over two deliveries;
- If producers cannot meet nominated weight schedule price will revert to spot price;
- Sheep must meet all live export guidelines and be prepared in compliance with industry standard and State Animal Welfare legislation;
- The sheep will be received at the nominated live export preparation facility during the contracted month to coincide with Wellard’s regular shipping program.

Mr Robinson said sheep farmers should work with their Agent or Wellard Buyer to establish which category of minimum price contract would suit their production systems.

“Our intention is to continue to roll out forward contracts late in 2009 to establish minimum price structures for sheep to be turned off in 2010,” he said.

“Based on the current market prices, the forward contract prices offered by Wellard are extremely competitive and we believe it is a great option for producers to focus their sheep production on.”

Mr Robinson said this closer interaction between producers and Wellard will also allow more accurate feedback to producers on the company’s ongoing shipping program.

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Background – Wellard Rural Exports

Wellard Rural Exports is Australia's largest cattle exporter. It has supplied quality Australian dairy and beef cattle and sheep and goats to the world for 30 years. Based in Fremantle, the company's operations cover every aspect of the export chain, including feed and high fibre milling, road transport, feedlot facilities and modern shipping.

Wellard has priority access to the most modern fleet of livestock carriers on the ocean through its association with Siba Ships. The company's flagship carrier, the MV Becrux, is a purpose-built livestock carrier capable of carrying 75,000 sheep or 18,000 cattle from Australia to major markets around the globe. She was commissioned in 2002.

Two new vessels, the MV Stella Castor and the MV Stella Pollux, are due for launch in mid and late 2009 respectively. In August 2008 Wellard and Siba Ships announced a US\$250 million contract to build two new livestock vessels which will be able to carry 17,000 cattle or 70,000 sheep or a combination of the two.

For more information visit: www.wellardgroup.com.au