



Wellard

MEDIA RELEASE
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New forward contracts set live export price floor

Australia's largest livestock exporter Wellard Rural Exports has released its 2010 minimum price forward contracts for live export wethers and rams – now guaranteeing a minimum price for export sheep out to February 2011.

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

"The contracts placed a substantial floor in the live export market last year, as well as providing farmers with price and market certainty," said Wellard's Middle East Livestock Manager Garry Robinson.

"Farmers can insure themselves against price falls and capitalise on price rises. It gives 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."

Mr Robinson said the 2010 forward contract prices were higher than last year's rates, reflecting supply and demand and Wellard's desire to provide clear price signals to encourage producers to produce the quality sheep desired by Middle Eastern importers.

Once again, the contracts are weighted towards heavier sheep which remain the overwhelming preference of international customers.

Wellard's minimum price forward contracts schedule for 2010/2011 currently is:

Category	Weight	Minimum price
Wethers / Rams	56kg+	\$100/head
Wethers / Rams	50-55kg	\$95/head
Wethers / Rams	44-49kg	\$85/head
Crossbred & Exotic Ram	38kg+	\$85/head
Lambs Long Tail		

(Prices are GST exclusive)

Key components

- Prices are for delivery through to February 28th, 2011;
- Spot price based on equivalent live-export prices at time of delivery, exclusive of GST;
- Prices are delivered pre-export depot;
- Sheep must have been shorn at least 2 weeks prior to delivery;
- Horns trimmed less than 1 full curl;
- Export condition score 2+;
- All sheep must comply with Australian Standards for the Export of Livestock;
- Normal farm management must have been undertaken including regular vaccinations and scabigard protection;
- Optional 2nd scabigard vaccination for Saudi market at buyer's expense.

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.

“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.”

Wellard extended its forward contracts out to February 2011 to ensure farmers could lock in price and market certainty over the summer months.

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Background – Wellard Rural and Trading

Wellard Rural and Trading is the Wellard Group's agriculture and international trade division.

Its two largest subsidiaries are Wellard Rural Exports, Australia's largest livestock exporter and ship owner, and Wellard Agri, a mixed farming land owner and operator specialising in the production of grains, legumes and livestock.

Wellard Rural Exports has supplied quality Australian dairy and beef cattle and sheep and goats to the world for 30 years, and its investment in the live export industry is without peer. Based in Fremantle, the company's operations cover every aspect of the export chain, including feed milling, road transport, feedlot facilities throughout Australia and modern shipping.

The company's flagship carrier, the MV Ocean Drover (formerly 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.

Its MV Ocean Shearer (formerly the MV Stella Deneb) can carry 125,000 sheep or 23,000 cattle, or a combination of both.

A new, technologically advanced, purpose-built vessel, the MV Ocean Swagman sailed on its maiden voyage in January 2010. The Swagman's sister ship, the MV Ocean Outback, is due for launch in mid-late 2010. In August 2008 Wellard and Siba Ships announced a US\$250 million contract to build an additional two new livestock vessels which will be able to carry 17,000 cattle or 70,000 sheep or a combination of the two.

Wellard Agri owns and operates eight farms across three agri-hubs, two are located at Dongara and Watheroo in Western Australia's central midlands and one is located at Kojonup in the Great Southern region of WA.

The Dongara hub is home to The Grange, a 14,500 hectare property which is considered one of Western Australia's blue chip farming properties. It is primarily used for grazing, with some cropping.

The remaining landholding totals more than 18,000 hectares, of which 14,000 hectares is cropped to a variety of grains and legumes. The other 4000ha is devoted to sheep production, including the famous Hyfield Poll Merino stud at Kojonup.

In November 2009, Wellard Agri announced it was entering the farm machinery sector, when it commenced management of the CLAAS Harvest Centre at Katanning for the Landpower range of farm machinery.