



Rendering Circles

A Quarterly newsletter produced by the Australian Renderers' Association
for customers and members

No. 14 – October, 2002

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Message from the President



The ARA is forming a strategic alliance with Meat and Livestock Australia. The purpose of the alliance is to jointly fund projects. Members of the ARA are concerned about the loss of export markets and have requested the ARA to help safeguard existing markets against further losses. MLA clearly has expertise in development of markets for meat products and is the obvious partner to join with the ARA to help secure the traditional markets for meat and bone meal in Asia.

The strategic alliance with MLA means that the ARA has to put up some hard cash. The ARA's contribution will be matched with MLA funding. The advantages of funding projects in conjunction with MLA are not only about leverage of the ARA's dollars. The

MLA has technical back up, such as the extensive research on the use of meat meal in aquaculture, and marketing expertise that will be valuable in projects designed to promote Australian rendered products. The ARA has already had discussions with Tim Kelf of MLA about initiatives to promote meat and bone meal in South East Asia. Tim heads up MLA's marketing team for South East Asia and the ARA will be able to draw on his contacts and many years experience of working in this region.

It is now up to the ARA and MLA to agree to the specific projects that will be run as part of the alliance. The ARA has earmarked \$40,000 to contribute to these projects and is looking to develop projects worth about \$80,000. One suggestion that came from the ARA's strategic planning meeting in February is to conduct promotional workshops in Vietnam. MLA and the ARA have not yet agreed to jointly fund such a project but this initiative will be on top of the agenda when MLA and ARA meet to flesh out some specific project ideas.

The meeting between MLA and the ARA is scheduled for early November in conjunction with the next ARA general meeting. The

purpose of the meeting is to define the projects that will be conducted as part of the strategic alliance.

The initial objectives of the ARA/MLA strategic alliance are market maintenance and market development. This implies that the projects will be market oriented but it still has to be decided what markets should be targeted. Other more technical projects have also been suggested. For example, to take advantages of the Australian clean and green image, it might be possible to find a way to identify meat and bone to guarantee that it is Australian origin.

The ARA has gone into an alliance with MLA to support marketing of rendered products because members indicated that they want the ARA to have a role at least in market maintenance. Obviously many members of the ARA are actively involved in marketing rendered products and there must be careful consideration of the sort of marketing activities the ARA is involved with. Traditionally the ARA has not played a role in marketing. Members must understand that this could change if, for example, the ARA supports promotional workshops in Vietnam. I urge all members to carefully consider if



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this is an appropriate role for the ARA and to bring forward their views at the November meeting.

The alliance with MLA is one development from the strategic planning session held in Melbourne in February. Other activities identified at this session have been completed. For example a facts-sheet containing industry statistics and highlighting industry issues has been prepared. The facts-sheet can be used by all members to help educate people about the Australian rendering industry. One of the goals of the strategic planning update was to develop alternative uses of rendered product. This goal is being pursued by a project that is jointly funded by FPRF, MLA, and AMPC and is being conducted by Dr Davis Clements of the Renewable Products Development Laboratories in Nebraska. Dr Clements has been invited to attend the 2003 symposium to present his findings.

Another goal is to maintain market access. One of the activities to achieve this goal was to put together a database of useful government contacts in both Australia and importing countries. This job has been done by Graeme Banks. Graeme now holds an extensive list of contacts in most importing countries. Progress is being made to meet other goals, particularly to have the environmental contribution of the rendering industry recognised. ARA members meet regularly in a contact group with the EPA in Victoria and this group has promoted a much clearer understanding of the role of the rendering industry.

Through the strategic planning process the ARA hopes to have mechanisms in place to anticipate and control the issues that arise in the industry rather than have to respond to issues as they arise. I hope that members will support this approach and provide their input to the future directions of the ARA. 🐾

2003 Symposium

The symposium committee has finalised the program for the 2003 ARA International Symposium and letters of invitation have been sent to speakers. Neils Neilson of Daka has accepted an invitation to be the keynote speaker. Activity in Europe over the next twelve months could dominate international rendering issues. The European parliament is set to ratify the new regulation on animal by-products and if member countries put this legislation into effect, European meat meal could be back on the market. This could mean an additional 700,000 tonnes of meat meal available for international trade. Neils is in an ideal position to speak about these issues. His company is one of the largest in Europe and is currently struggling to come to terms with the new EU regulations. By July 2003 this experience should be of great interest to the Australian rendering industry. 🐾

Terry Skillcorn

On June 26 of this year, the end of an era was reached when Terry Skillcorn retired from Keith Engineering. He had given almost 42 years of dedicated service to the company and after threatening to retire many times over the last few years he decided that enough was enough.

Terry commenced with Keith Engineering on 1 August 1960 as a fitter/machinist. His skills developed quickly and he became the workshop foreman in the late 1960s.

Throughout the 1970s Terry spent many hours away from home either interstate or overseas attending to customer's requests and needs.

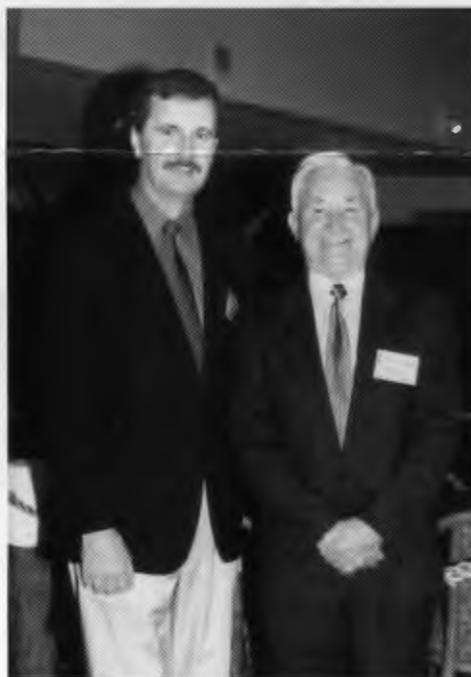
As the company developed Terry was appointed Works Manager and was responsible for the control of the flow of product through the factory.

March 1987 saw him take on the role of Assistant General Manager, which he fulfilled until his retirement this year. In February 1995 the shareholders saw fit to bestow upon him the office of a Company Director. He served in this capacity until the company was sold to Pinches Industries in July 1999.

Throughout his years of service Terry made many friends within the rendering industry and was held in the highest regard by the

many business associates he dealt with. His integrity and experience in this industry is second to none and his knowledge of the industry will certainly be missed, as will his endless wit and wisdom.

We wish him and his wife, Margaret a long, happy and healthy retirement. 🐾



Terry & Bill Trollope (General Manager Keith Engineering) at Terry's retirement dinner at the Novotel, Brighton Beach, Sydney.

Other invited speakers from overseas include Klemens Rethmann from Saria, Freddy Ib and Dr Davis Clements. These speakers will all discuss non-traditional uses of rendered products. Klemens Rethmann will talk about energy from rendered products, particularly production of biodiesel. Freddy Ib will discuss modern usage of meat meals in feed; particularly aquaculture and Davis Clements will present his findings from a joint MLA/AMPC/FPRF funded project on alternative uses of rendered products.

Other overseas speakers have been invited to speak about tallow and meat meal markets and these speakers will be announced soon. 🐾

There is also a strong contingent of Australian speakers on the program including ARA members David Kassulke and Joe Rossingnuolo. In addition to speakers who will discuss the Australian rendering scene, speakers from the wine industry and pork industry have been invited to discuss their respective industries and how they approach international marketing, particularly in South East Asia.

The symposium will be held at the Marriott Hotel, Surfers Paradise from 16-18 July 2003. While the venue has stayed the same, other aspects of the Symposium have changed. For the first time a golf session will be on the agenda. 🐾

ARA Accreditation workshop

Another successful workshop on hygienic rendering of animal products was held at the University of Western Sydney in August. Twenty-six people attended the workshop bringing the total number of accredited individuals to 386. Bill Johnson of Castricum Brothers scored the top marks in the exam with Paul Gillespie of Valley Beef and Sam Cannata and Darren McKenna of Oztek Holdings close behind.

As usual the workshop depended on generous support from the industry and suppliers. Philip Lambeth from Kemin Australia, Paul Stenzel from Gardner Smith and the girls from Weston Technologies, Siu Rene, Belinda and Dorothy all contributed to the technical program. Malcolm Stead, Denis Caverley and Mark King from A.J. Bush at Rouse Hill hosted a visit to their plant and Reg Evans of Colyer Fehr provided generous hospitality on the first evening of the workshop

Another workshop is planned for 23 to 28 February 2003. This will be the fifteenth workshop and if it receives the usual support, the number of accredited renderers should top 400 after the workshop.

Please contact Graeme Banks or Bill Spooncer on 02 4567 7952 for further information about the next workshop.



Participants at the fourteenth ARA accreditation workshop.



Malcolm Stead explains rendering to a baffled Peter Husband while Ray Eddy from Rockdale Beef hides his mirth.



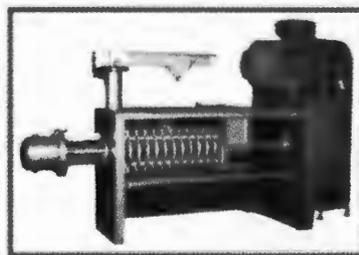
Swi contingent at A.J. Bush; Bill Olsen from Valley Beef, Peter Bayley and Rodney Lapwood, Lowe Corporation and Bill Johnson, Castricum Bros.



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Auckland Farmers Freezing
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1999 - Gelbone Separation

Nelson Bays Meat Producers Ltd
1997 - Bio-Filter

Waikato By Products Ltd
1997 - Bio-Filter

Wallace Corporation Ltd
1997 - Wastewater Treatment Plant

INDIA

Frigorifico Allano
1999 - Meat & Bone LTR Rendering

Frigorifico Allano
2000 - Meat & Bone LTR Rendering

AUSTRALIA

Hazeldene Chicken Farms Ltd - VIC
2000 - Feather and Blood Dryer

Sydney Water Corporation - NSW
2000 - Bio-Filter

Rockdale Beef Pty Ltd - NSW
1999 - Slickwater Evaporator

Sunland Meats Pty Ltd - QLD
1999 - Bio-Filter

Belandra Pty Ltd - VIC
1999 - Wastewater Treatment Plant

Rockdale Beef Pty Ltd - NSW
1998 - Gelbone Separation

Belandra Pty Ltd - VIC
1998 - Gelbone Separation

Oakey Abattoir Pty Ltd - QLD
1998 - Meat & bone LTR Rendering c/w
Blood, Gelbone Separation

Manbeef Pty Ltd - NSW
1997 - Meat & Bone LTR Rendering

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Export markets expand

Despite the complete loss of markets for meat and bone meal in Japan and the Philippines, and general negative sentiment about rendered products, exports of Australian meat meal increased in 2001/2002 to 220,000 tonnes. Exports in 2000/2001 were 214,000 tonnes or 41% of production based on 516,000 tonnes total production. Assuming production in 2001/2002 was similar to the previous year, exports increased to 42% of production

Tallow exports were down from 390,000 tonnes in 2000/2001 to 347,000 tonnes in 2001/2002. The proportion of tallow exported is about 60 – 70% of production.

The reason for the increase in exports of meat and bone meal is probably the ban on the use of animal proteins in feeds in Europe. The European Community exported about 700,000 tonnes of meat and bone meal in 2000 and virtually nothing in 2001. Although Australia lost the important market of Japan in 2001, there was still plenty of demand in other markets to replace E.U. product. An increase of 30,000 tonnes of ovine meal exported to the USA has also contributed to the large export tonnage.

The major destination for Australian meat and bone meal is Indonesia. Exports to the USA have increased dramatically and the USA is now second on the list of export destinations. Product exported to the USA is specialty ovine meal for use in petfood. Other markets showing growth are Papua New Guinea, Bangladesh, and Sri Lanka.

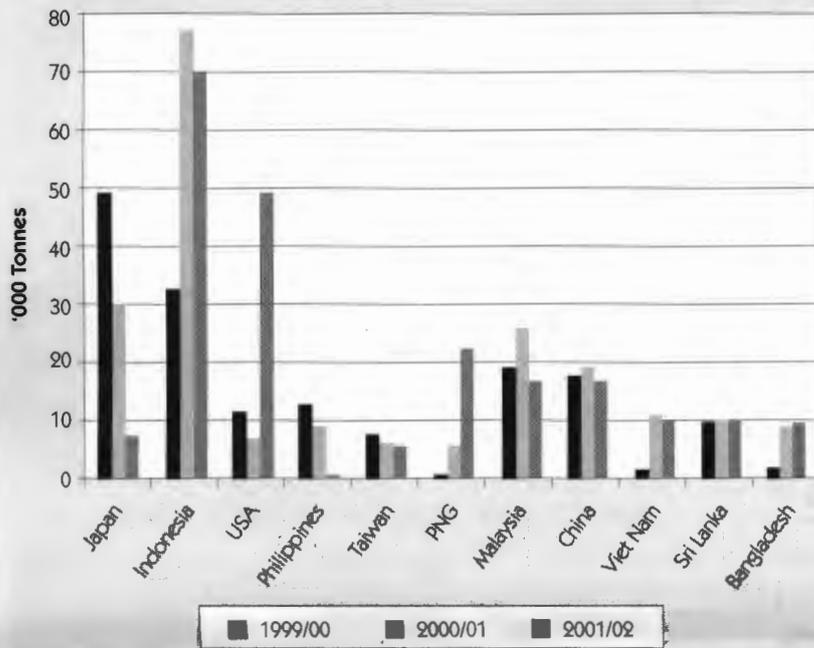
The tallow export market is dominated by China, which imports more than twice the volume of Australian tallow than any other destination. In 2001/2002 exports of tallow to most destinations were down compared with the previous year. The only markets that improved were South Africa, Nigeria and Korea.

Product Traceability

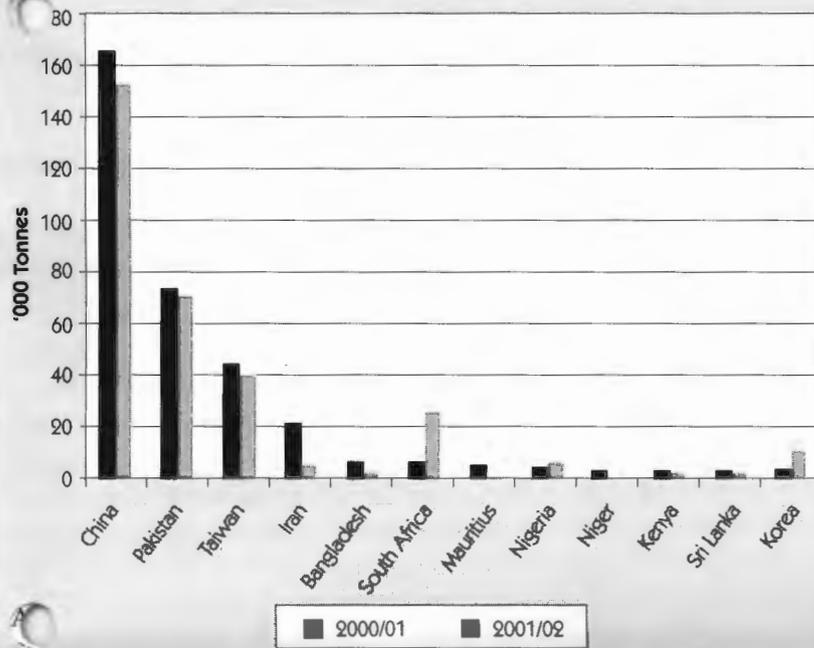
If HACCP was the major focus for food safety in the 90s, traceability could be the focus for the 00s. Product traceability is of course one aspect of a HACCP or food safety plan but it is an aspect that is attracting more attention. There have been some spectacular examples of the importance of traceability in recent months. In the USA a large meat company had to recall 19 million pounds of beef when E. coli O157:H7 was found in a sample. In an industry more closely related to rendering, when recycled oil was contaminated by dioxin, feed had to be traced to identify where contaminated product may have been used. These cases illustrate the importance of having traceability systems. While traceability is mandatory for food product for human consumption, pressure is also building to ensure that there is traceability of animal feed. The Codex Alimentarius draft code on animal feeding requires traceability of feed and feed ingredients.

Traceability means trace forward and trace back. Trace forward means that if a problem is discovered retrospectively in the early part of a production or distribution chain, the subsequent product can be traced. A simple example of this is that if a sample of meat meal destined for the EU is found to be Salmonella positive it will be necessary to trace the affected containers. A more complex example is that if routine testing shows that a mob of cattle has high levels of a pesticide residue, it may be necessary to trace forward to identify the tallow (and meat) that may have been derived from these animals. Trace

Major export destinations for Australian meat and bone meal

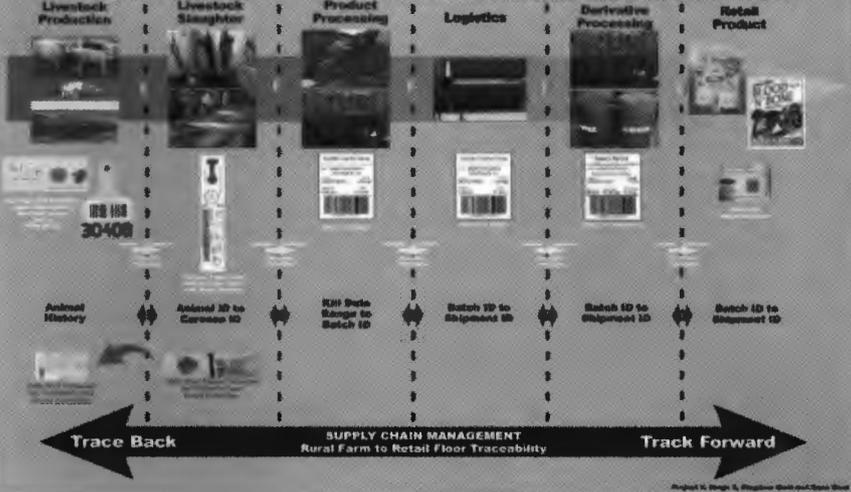


Major export destinations for Australian tallow



Source: ABS

Australian Meat/Livestock Industry Food Safety Traceability Systems
 EAN-UCC standards for Bar Coding and Electronic Messaging
 By-Product and Co-Product - Meat and Bone Meal



back could be involved if finished tallow is found to contain residues. It could be necessary to trace back to find what livestock were involved so that the property of origin can be identified.

MLA has developed schemes for tracing livestock and meat and these schemes can be applied to rendered product. Livestock traceability is managed by the National Livestock Identification Scheme. On the slaughter floor and boning room, data identifying individual livestock can be carried forward to boneless meat and offals and stored in electronic format using standardised EAN bar coding. Standardised bar coding can also be used to identify lots of rendered product and provide a link from the individual cattle from which the rendered product was derived. A pilot study on the traceability of rendered product has been conducted at ACC in Brisbane and this study has demonstrated the effective use of EAN bar coding to identify meat meal and provide an efficient trace forward and trace back mechanism.

Where regulations come from

A range of new regulations has affected the Australian rendering industry in the last few years. The major change in regulations has been the introduction of the Australian Standard for Rendering and the enforcement of the Standard by state jurisdictions. Regulations about feeding rendered product to ruminants have also affected the industry. Despite the impression that some members of the ARA might have, regulations are not drawn up by bureaucrats in isolation from industry. Industry interests are usually consulted when new regulations are drafted although this does not mean that the industry view prevails. Bureaucrats and politicians may hear the industry point of view but may also discount the industry view in favour of more compelling interests. Nevertheless it is important for the rendering industry to understand the mechanisms of how regulations are developed so that its point of view can be represented. The ARA maintains contact with regulators and other industry groups and keeps members informed of new and proposed regulations. The ARA also represents industry views in some forums but the ARA has avoided taking on an active lobbying role.

Although many members may have dealings with the federal department of Australian Fisheries Food and Agriculture and in particular AQIS officers who are part of this department, legislation that affects the industry is almost all state legislation. The AQIS association with the industry relates to international market access. The AQIS role is to interpret and apply importing country requirements. This is an export-facilitating role and is not part of Australian legislation.

One exception is regulations relating to exports of edible tallow since edible tallow is a prescribed goods.

Since legislation and regulations affecting the rendering industry come from state governments, they are the responsibility of the ministers of the relevant state departments. In most cases the relevant department is an agricultural or primary industry department but environment and health departments could also be involved with legislation that affects rendering.

There has to be a co-ordinating mechanism to ensure that similar legislation is implemented in the different States. For legislation relating to primary industries, the co-ordination occurs at the Primary Industries Standing Committee (PISC) and the Primary Industries Ministerial Council (PIMC). The PISC is made up of Chief Officers of the state and federal primary industry departments. The PISC advises the PIMC on policy issues and uniform policy decision for all states, territories and federal government are agreed by the PIMC. The PIMC is made up of the state, territory and federal primary industry ministers. Once policy decisions are made by PIMC legislation will be prepared by the appropriate state or federal government department and be enacted by the state or federal parliament.

The decisions made by the PIMC are based on advice from a number of sources. For example the Meat Standards Committee and the Veterinary Committee are both sub-committees for the PISC and provide advice to the PIMC through the PISC. Meat Standards Committee is made up of representatives of the state meat authorities and AQIS and also allows industry representatives to take part. The Veterinary Committee is made up of state and federal Chief Veterinary Officers. Other more industry-based committees such as Safemeat and the Red Meat Advisory Council advise PIMC directly.

Food Standards Australia and New Zealand (formerly ANZFA) also plays a role in formulation of regulations. FSANZ is represented at the Meat Standards Committee but officers can directly advise the Minister to implement legislation although this is not done without wide spread consultation.

The ARA can contribute to legislation. The usual channel is through liaison with the Meat Standards Committee or Safemeat. A more direct approach is to department secretaries or ministers as these are the people who make the decisions.

A major concern of ARA members has been how overseas regulations and Codex Alimentarius Standards and Codes affect Australian regulations. Importing country requirements have no status in Australian regulations. However AQIS acts as the competent authority to apply importing country requirements on behalf of other countries. In some cases, e.g. export of meat to the USA, there are detailed government-to-

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government agreements about how importing country requirements are supervised. These agreements have a legal basis in Australia through the prescribed goods general orders of the export control act. For product such as meat meal, which is not covered by the export control act there is no legal basis for AQIS to insist on compliance with importing country requirements. However, AQIS have a role to facilitate trade on behalf of industry and part of this is to sign health certificates. Obviously AQIS officers must have assurances that importing country requirements are complied with before they sign health certificates that attest to compliance.

As a member of Codex Alimentarius, Australia has an obligation to comply with Codex standards but in practice, Australian regulations are at least as tough as Codex standards and in many cases exceed Codex requirements. The important aspect of Codex is that it is recognised by the WTO as providing the benchmark for sanitary and phytosanitary standards (SPS) for international trade. This means that Australia cannot apply SPS to imported products that are in excess of Codex standards. Similarly exported Australian product cannot be denied entry to an importing country for sanitary and phytosanitary requirements in excess of Codex standards. Individual countries have a right to impose standards other than Codex standards for international trade but only if the standards are justified by scientific risk assessment.

Annual General Meeting

The annual general meeting of the ARA was held in Canberra on 18 July. At this meeting the constitution of the ARA was amended so that all office bearers will be elected for two-year terms. All new office bearers elected at the AGM will hold office until July 2004.

Paul Stenzel was re-elected as National President of the ARA. Other office bearers to be re-elected were Andy Bennett as Vice President and Directors Stephen Cooke, Tim Juzefowicz and Bob Hathaway. David Satchell did not stand for election. Craig Palmer was elected to the vacant Directors position. David Satchell has served as a Director of the ARA for two years and was previously a member of the Technical Committee. His contribution to the ARA was warmly acknowledged.

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Biofilter at E.C. Throsby Pty Ltd.

September 2000 and currently has a kill of about 450 head per day in two shifts.

The rendering plant was commissioned shortly after the abattoir and boning room. The plant was installed by Keith Engineering and is based on a Keith 1200 series cooker. It handles about 80 tonnes of raw material a day. The plant has been built with the requirements of the Australian Standard for Rendering in mind and there is complete separation between the raw material handling, processing and finished product.

The plant is also constructed to meet tough EPA requirements. It is fully enclosed and factory air collected from point sources is exhausted to a biofilter. Bill Trollope of Keith Engineering said that the biofilter was an important part of the rendering plant package. Part of the approval for the abattoir was that there should be no odour from the rendering plant. All factory air and non-condensable gas exhausted to the biofilter is humidified through a water scrubber and distributed under the filter through a central plenum. The air is distributed from the plenum to six filter units. Any one of the units can be taken off-line for maintenance without affecting the overall performance. The filter medium is a blended compost containing mushroom compost, green leaf compost, fine pine bark and coarse pine bark nuggets. There is a layer of coarse pine park nuggets on top of the filter.

Rendering Manager Rodney Mercieca attended the August accreditation workshop and is now accredited in Hygienic Production of Rendered Products. Works Manager Mick Ayton told Rendering Circles that the next step is to get the plant accredited by the ARA. The plant is certainly up to ARA accreditation standard and when the finishing touches are made to the quality assurance program the company will apply for accreditation.

Australian Country Choice

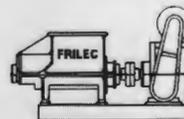
The new Australian Country Choice abattoir built on the Q Meat site at Cannon Hill has taken an innovative approach to both rendering and biofilter operation. The rendering plant was open to visitors at the time of the July 2001 Symposium and ARA members took the opportunity to inspect the plant. Twelve months later the plant is operating well with most of the teething problems resolved. The plant is a Rendertech low temperature rendering system with twin-screw press to separate wet solids from liquid phase. Dewatered solids are dried in disk drier. Bob De Lange told Rendering Circles that the plant was processing about 140 tonne of raw material a day at a rate of about 8 tonnes an hour.

The rendering building is under negative pressure and all factory air and non-condensable gas is treated through a biofilter. The unusual aspect of the biofilter is that humidified air is delivered to a plenum on top of the filter bed and air is treated as it flows down through filter medium. Bob De Lange said that with humidified air delivered to the top of the biofilter there is less risk of the filter medium drying out and developing fissures.

E.C. Throsby Pty Ltd joins ARA

Now member of the ARA is E.C. Throsby Pty Ltd. The company is based in Singleton and specialises in hot boning of cattle for the USA and Halal markets. The abattoir and boning room have been operating since

Abattoir Engineering



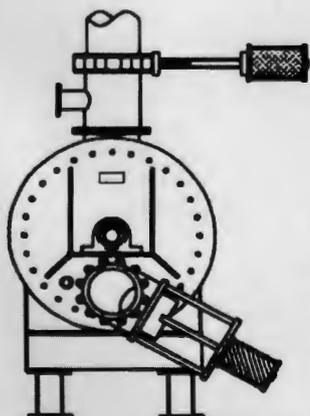
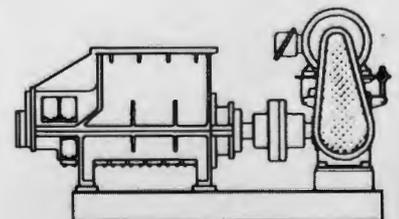
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Market report

Both tallow and meat meal prices have been firm in the last few months but blood meal has fallen from premium prices to bargain prices.

At the beginning of October meat meal prices were about \$410 to \$430 delivered. Export and domestic demand were both weaker. At the same time, production levels were high as producers unload stock in the drought conditions. On the positive side (for meat meal), bans on fishing in South American waters remain and supply of fishmeal is restricted. Indonesia has been the main market for Australian meat meal but Indonesian imports appear to have almost halved in September. It is not clear if this is due to over supply or other reasons. In September twenty containers of Canadian meat meal were returned from Indonesia because it was discovered that the part of the product was derived from a small number of elk, one of which may have suffered from the TSE chronic wasting disease. The reduction in the intake of meat meal could be a response to concerns about TSEs in meat meal. The weaker demand from Indonesia could also be due to reduced interest as the Ramadan period approaches.

Australian product still faces tough competition from the USA on export markets. USA kills remained high at the beginning of October but it is expected that kills will diminish. As the northern winter approaches production of US meat meal should decline. The New Zealand season is about to get underway and this will put more meat meal on the export market.

The domestic market for meat meal has been strong and premiums have been paid over export product. However there are indications that poultry producers are reducing production. This is an attempt to restrict supplies of poultry meat in order to push up prices.

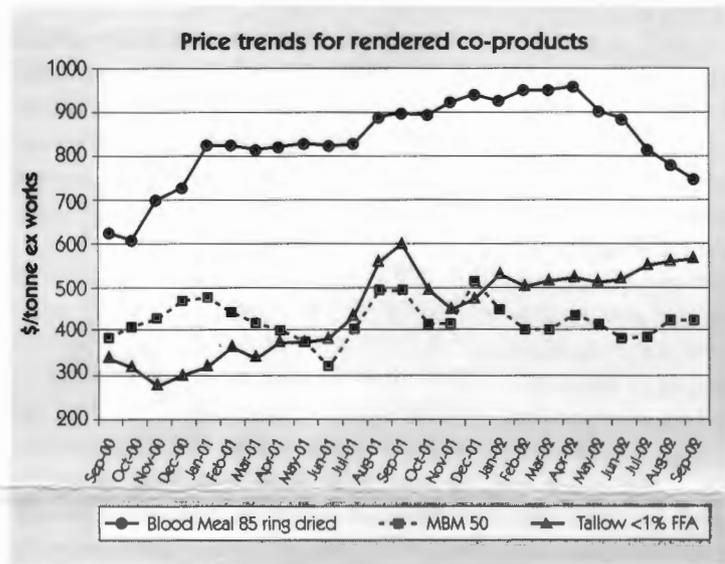
Grain prices are at record levels with wheat \$300 per tonne delivered, barley \$320 per tonne and sorghum \$250 per tonne at the beginning of October. However the shortage of grain has not helped meat meal prices. The meat meal market is looking softer due to high production and weaker demand for export and domestic product. The situation could change dramatically if there is rain. Stock for slaughter would be cut back and supplies of meat meal become scarce. This situation could prevail for a long time, possibly into 2004 as producers restock after the drought breaks.

Tallow prices continued to increase in September and remained firm at the start of October. The strength of the tallow market is due to domestic demand. Exports have been slower with China oversupplied and the price of palm stearine falling by about \$50 per tonne. Palm stearine has been priced well above tallow making tallow particularly attractive on export markets. Some of the attractiveness has gone out of tallow but it is expected that demand from China will return in November when stocks have been drawn down.

Tallow production remains restricted although kills are high. Livestock are in poor condition and tallow yields are low. In addition the weak demand in Japan for long-term grain fed beef has reduced tallow production. With low production, the domestic demand should be sufficient to keep the market firm. Export demand could also improve when China returns to the market.

There has been some disruption to the tallow market and prices were destabilised due to the failure of a local buyer to accept tallow for some time.

Blood meal prices have been falling since April due to lower prices for synthetic amino acids. The prices of lysine and methionine have increased at the start of October due to some plant shut downs and reduced production. Lysine had fallen to \$2.45 per kg but is now back to \$3 per kg. This should improve the demand for blood but at the same time supplies of cotton seed meal have dried up. Fish meal is used by domestic feed millers to balance cotton meal and if cotton meal is not available for rations, there is less demand for blood meal.



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