



report by  
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WA'S meat processing sector has been thrown into disarray as the full extent of the state's gas crisis hits home.

As the impact of the energy shortage starts to be felt, two of WA's biggest abattoirs have been working frantically to shore up supplies to continue to operate.

WA's gas supply was cut by a third after an explosion at Apache Energy's Varanus Island plant off the Pilbara coast earlier this month.

Harvey Beef chief executive officer Michael Rapattoni said

his plant was still on a daily allocation of gas and the numbers of cattle being processed was decided each day.

"At the moment we are processing 600-630 per day and are hoping we will not fall below that number," Mr Rapattoni said.

"We met with Agriculture

Minister Kim Chance and Alinta Gas on Friday and informed them of how severe the situation would be if we stopped processing.

"The meeting was more about informing of them of where we were at and the scale of the impact on many communities and livestock producers across the state if we

were forced to stop processing completely."

Mr Rapattoni said the company was determined to maintain slaughter numbers to ensure all staff were kept working.

"That is a priority for us at the moment, we want to continue processing enough cattle to ensure we can keep our workers going full time," he said.

"We have been building our staff numbers over the last two years and we do not want to undo all that good work by losing them now.

"We are also a major employer within the Harvey

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area and it would be felt in the community if we had to lay people off.”

Mr Rapattoni said the crisis could not have come at a worse time for the processor.

“It is disappointing as we are in the process of really ramping up our output and were aiming to be slaughtering 5000 head per week within the next couple of months,” he said.

“The spring flush isn’t far away either and a bottleneck at that time of year is not what the industry needs.

“We are on a two- to three-month notification at the moment, but we are hoping to be back up to full production before that to ensure that we can cope with the increase in numbers come spring.”

Mr Rapattoni said the forced drop in capacity would not affect domestic supplies of beef.

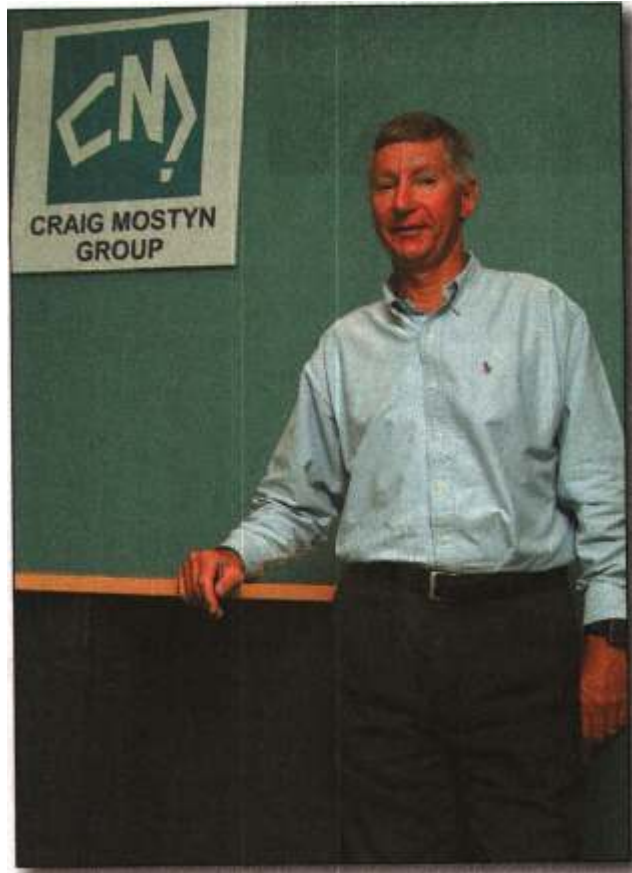
“We are very aware of supplying the domestic market and protecting that market,” he said.

“Our priority is to supply WA consumers and our recent commitment to the Buy West Eat Best program supports that.”

One processor who thought it had escaped any impact from the crisis was the Craig Mostyn Group’s Linley Valley Pork abattoir.

Chief executive officer David Lock said while the company’s natural gas supply is assured, it discovered late last week that supplies of liquid CO<sub>2</sub> had been affected.

“Our CO<sub>2</sub> supplier, Air



□ Craig Mostyn Group chief executive officer David Lock said the company had been able to source supplies of CO<sub>2</sub> from the eastern states and the company had enough to process at full capacity for at least three weeks.

Liquide has claimed Force Majeure because its supplier of ammonia has been forced to stop production,” Mr Lock said.

“We use CO<sub>2</sub> to euthanise the pigs prior to slaughter and do not have the systems in place to stun the animals any other way.”

Linley Valley is WA’s largest pork processor, slaughtering 10,500 pigs a week.

Mr Lock said they had now secured enough CO<sub>2</sub> to process at full capacity for the next three weeks.

He said the Government’s commitment to scaling back the state’s desalination plant had freed up 20t of CO<sub>2</sub>.

“Of that we were able to source 3.5 tonnes and now have enough supply on hand to run at full capacity for 21 days,” he said.

“The very short term problem is sorted out and now we are looking to remain at the top of the priority list.

“We only need two tonnes per week to run at full capacity and hopefully



contingency plan to ensure the energy crisis does not happen again.

“We also run one of the State’s largest rendering plants, Talloman at Hazelmere, and that also relies heavily on natural gas,” he said.

“If that plant was forced to shut down, you would effectively shut down the whole meat processing sector in WA as we are very limited in terms of outlets for disposing of waste product.”

WAFarmers president Mike Norton said the organisation was offering as much support as possible to the processors.

“We have penned a letter on behalf of Harvey Beef for them to use in their negotiations with Alinta and the Government on trying to maintain some supply,” Mr Norton said.

“The situation is pretty serious and we are doing as much as we can directly to help

“Unfortunately this is not going to be short term issue and Harvey Beef is doing well to be managing as well as they are

and outputting reasonable numbers.”

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we will be able to source that each week.

“We have had offers from a Chinese company to supply us with CO<sub>2</sub>, but price is obviously a consideration for that option.”

Mr Lock said the Government worked very closely with the company to solve the problem.

“The support we had from Mr Chance and the Agriculture Department was appreciated and I think they realised the impact it would have on the rural sector if we weren’t able to process,” he said.

“If we were forced to cease processing it would have dire consequences for the WA pig industry as we are currently processing 95pc of the state’s pigs and the State Government was aware of that.

“Our staff were also nervous with all the talk of lay offs, and so on, so they have been very anxious for us to get a result.”

Mr Lock said he wanted a

Mr Norton said the crisis demonstrated how susceptible the economy was to and energy crisis.

“These companies need to either lift their maintenance regimes or have alternatives on standby, which can be an expensive option,” he said.

“The longer the situation proceeds the more industry we could see shut down and some big and bold decisions are going to need to be made on a day to day basis to try and alleviate the crisis.”

Pastoralists and Graziers Association (PGA) meat section president Tim D’Arcy said the biggest problem was not knowing the extent of the crisis’ impact.

“There is something new arising every day and we could just be seeing the start of things at the moment,” he said.

“I believe it is going to affect food supplies in this state.

“We are coming up to spring

flush time and producers will be relying on the processing market to enable them to offload cattle.

“It is going to cause bottlenecks, going forward, and that is going to be a big concern in terms of putting downward pressure on prices.

“It just shows how vulnerable

WA is to an incident such as this and there is the potential for a huge amount of unemployment, Businesses will not stay open if they are not producing and make a loss.”

Mr Chance spent much of last week meeting with rural businesses affected by the crisis.

He said the way business and the Government were working together to try and get through the crisis was pleasing.

“At the moment it is a matter of dealing with issue to issue or one crisis after another,” Mr Chance said. “Hopefully now we are in a position where we have a better understanding of the critical issues.

“The desalination plant has been scaled down to a sixth of its production and this has freed up some supply for processors.”

“We are dealing with the immediate problems and if we can solve them then we can look at the possibility of importing some supply from over east.”

Mr Chance said the Government was on top of the problems but it was also conscious that the state cannot lose a third of gas and things won’t be affected.

“Sometimes the things that affect you are the ones you least expect,” he said.





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□ Harvey Beef chief executive officer Michael Rapattoni said the gas crisis had forced the company to cut processing numbers.