



GERALDTON
FISHERMEN'S
CO-OPERATIVE

Rock Lobster Exporters

the BROLOS Catcher

January 5, 2017

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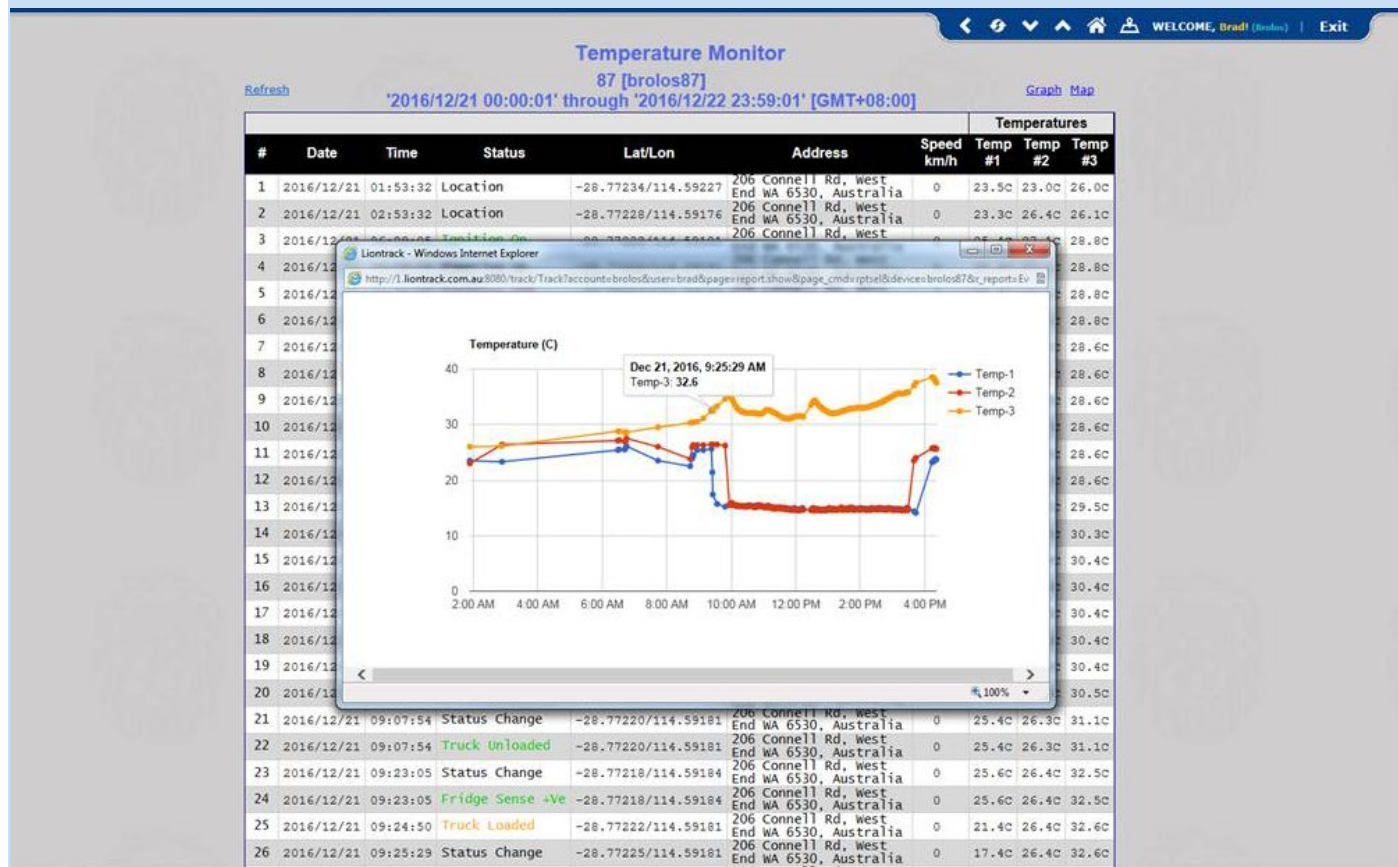
GFC's Lobster Transport Fleet Comes Online

As part of our drive for continual improvement, GFC is currently rolling out a real-time remote monitoring and logging system for our entire truck fleet, using a product called Liontrack. This will allow us to remotely track each vehicle, identify pick-up and delivery times, and to continuously monitor seawater and air temperatures within and outside of each truck.

The sample graph and table below is taken from a static test a couple of weeks back, showing external air temperatures, and internal seawater temperatures in two locations within the truck. We are gradually fitting out our fleet over the coming month, including all coastal receipt trucks, as well as trucks transferring product between facilities. Along with other investments we are making in our supply chain, Liontrack will give us greater visibility and control over time and temperature, allowing us to adjust equipment settings for different conditions and loadings, to identify any equipment failures, and to streamline our processes. This will lead to further improvements in your product quality, further enhancing the reputation of the Brolos brand in the demanding Chinese live lobster market.

GFC strives not only to maximise returns to members in the short term, but to invest in R&D and infrastructure in order to build a better future, and maximise your returns in the long run.

Below: Liontrack software monitors seawater and air temperatures within and outside of each truck in GFC's fleet.



Tide Rising at Welshpool

Nearly there... After a Christmas/New Year hiatus, contractors are back onsite for the final phase of construction of our new Live Lobster Export Facility in Welshpool.

Over the next fortnight we will commence filling the Recirculating Aquaculture System (RAS) with filtered seawater. The 1.1 million litre capacity RAS will be filled by our dedicated seawater carting tanker, which will make more than 40 trips between sites.

A gradual process of testing and commissioning the three independent systems then takes place, with the essential ingredient (lobsters!) being added once everything is up and running.

The power is on and the next two weeks will also see IT equipment installed in the building, as well as office furnishings. Staff will start to move in on a rolling basis from around the start of the new season.

Below: GFC's dedicated seawater carting tanker arrives onsite.

Market Update

Over the festive period catch volumes experienced a seasonal dip, as fishermen celebrated their Christmas and New Year holidays with their families. This decrease in supply was balanced by lower demand over the past fortnight, and we saw market prices increase. The last few days has seen a sharp increase in intake as fishermen look to close out their annual quota. Recently, we have noticed an increased tendency for Kailis Bros to talk down China market prices to our clients. Given their Chinese ownership, we hope this is not part of a wider strategy, and that they can return to a philosophy of trying to get the best possible prices for their fishermen.

As we enter the final two weeks of the 2016/17 season, fishermen are gearing up to catch their remaining quota. Though demand during the 12th lunar month is traditionally high, a large influx of product will likely put pressure on market prices over the coming week.



Member Accounts Management

The new quota year is approaching and it is an opportune time to remind members that they should review changes for the upcoming start date: 15 January 2017.

Please advise changes to any of the following by calling (08) 9965 9060 or emailing gfcfish@brolos.com.au:

- Business structure
- ABN
- Share fishing agreements
- Skippers
- Deckhands
- Address
- New mobile number or email address
- Pool system options
- Bank account change
- Fortnightly emailing options for statements

First Half Payment Comparison

Each year, GFC tracks our beach price payment performance against the rest of industry, in order to determine whether we are delivering on our aim of maximising return to members. We have built a reputation of having been the highest or equal highest payer for well over a decade now: that's quite an achievement, translating into tens of millions of dollars' worth of value to our fishermen. We recently analysed our performance in the first half of the 2016 season, with the following results:

Indian Ocean matched our cash payments, but they did not match our bonus share payment. In recent years, GFC has issued bonus shares at the rate of \$0.50/kg, or \$13,000 per annum for the average fisherman, earning annual dividends, and creating a very healthy "retirement fund" for GFC members that is not available elsewhere. Members with shareholdings above a designated minimum can receive the bonus shares as cash.

Several fishermen from Chinese owned Kailis Bros have kindly shared their catch and payment details with GFC, allowing us to conduct a detailed analysis and comparison of payments. After bonus payments, GFC was \$1.60 to \$1.85/kg ahead up to June 30. Interestingly, Kailis Bros are now advising fishermen they will use profit made from their lobster fishermen to directly purchase West Australian lobster quota.

It's always difficult to follow Bluwave's many and varied payment arrangements with their fishermen, but our understanding is that they paid a bonus of \$1.50/kg for the first half of the season, compared to GFC's \$3.50/kg.

GFC Annual Pre-Season Meetings: Reminder

A brief reminder that, over the next fortnight, we will be completing our program of pre-season meetings. Throughout November and December we held four great meetings in Lancelin, Fremantle and Geraldton, and another very successful meeting in Jurien Bay this week.

Next we are looking forward to seeing our members in Kalbarri and Dongara and taking you all through important company, market and industry information. The dates and venues for these final meetings are below. All GFC members, suppliers, investors and their partners are invited to attend. Dinner and drinks will be provided.

Kalbarri **Wednesday 11th January, 5:00pm**

Kalbarri Edge Resort, 22 Porter St, Kalbarri

Dongara **Thursday 12th January, 5:00pm**

**Southerly's Harbour View Bar & Restaurant,
1/60 Point Leander Dve, Port Denison**

Market Calendar 2017

DATE	EVENT / FESTIVAL	EXPECTED IMPACT
Jan 28, 2017 (Holiday: Jan 27-Feb 2)	Chinese New Year China & Taiwan 2016 Year of the Monkey	Two-weeks either side of the CNY sees a dramatic increase in demand for lobster in these markets. Demand is such that all lobster grades are popular at this time. Although Taiwan also celebrates CNY, demand and prices from China dominate.
Apr 14-17, 2017	Easter Holiday Australia & Japan	A peak period of sales leading up to the Easter holiday for domestic retailers and Japan, although demand generally not as strong as that experienced during Christmas. These markets are now just a few % of annual sales, so the overall effect is minor.
April 4, 2017 (Holiday: Apr 2-4)	Qing Ming: Tomb Sweeping Festival China & Taiwan	People return to their hometowns to pay respect to their deceased relatives. High value seafood is not on the menu, and demand generally suffers for at least a week either side of this festival.
April 29-May 7, 2017	Golden Week Japan	A week of public holidays and special days in Japan. Aside from Christmas period this is the next major celebration in Japan. Live lobster demand increases in the lead up. A-size is preferred, but some D, E & F sizes are used as table centrepieces.
May 1, 2017 (Holiday: Apr 29- May 1)	May Day AKA Workers' Day China & Taiwan	One to two weeks leading up to this festival, the demand increases in the Chinese market experience higher demand for product. This upswing can be short lived, although the market generally returns to levels above the early April low.
May 14, 2017	Mothers' Day China, Taiwan, Japan & USA	A small upturn in demand usually occurs a week out from Mothers' Day. A noticeable increase in tail consumption is expected in the USA.
May 30, 2017 (Holiday: May 28 -30)	Dragon Boat Festival China, Taiwan	Lots of dragon boat racing and eating traditional Chinese rice dumplings. This festival has had a negligible effect on demand, although recent research conducted by GFC shows that eating lobsters definitely improves the strength and stamina of paddlers.
Aug 22-Sep 19, 2017	Ghost Month, inc. Festival of the Hungry Ghost China & Taiwan Ghost Day: Sep 5	An inauspicious period, as the name suggests! The Hungry Ghost festival or Yu Lan, is held on the 15th night of the 7th lunar month. The 15th day is called "Ghost Day". The Gates of Hell are opened and the lost and hungry ghosts of hell are free to roam the living world. The Chinese have some taboos during the Chinese Ghost Month, including no weddings, and so this period is typified by weak demand. Small grades (used for wedding banquets) are expected to be the least popular. Prices will depend on fishing pressure.
Sep 23, 2017	Autumn Equinox Day Japan	Graves are visited to honour one's ancestors and remember the dead during the week (Ohigan) of the Equinox Day. Chinese demand has overshadowed any noticeable effect in recent years.
Oct 4, 2017	Mid-Autumn Festival China Note: Mid-Autumn Festival falls within Golden Week in 2017	The Mid-Autumn Festival is held on the 15th day of the eighth month in the Chinese calendar, which is in September or early October in the Gregorian calendar. It is a date that parallels the autumnal equinox of the solar calendar. Record high prices have been achieved during this period in recent years, but this period appears extremely sensitive to supply from WA and other species.
Oct 1-8, 2017	Golden Week inc. National Day China	One of China's major holiday periods. Most people enjoy a 7 day vacation with recent practice including many factories closing for 2 weeks. Many Chinese travel and consumption levels of seafood increase. Demand for larger grades has been strong in the lead up, but smaller grades can be undercut by the abundance of Mexican lobster during this period. Demand usually decreases sharply following Golden Week.
Dec 25 2017 - Jan 1 2018	Christmas & Western New Year Australia, China, Japan, Western Europe	Australian local demand for live and frozen lobster products builds from early December. Large retailers complete purchases by mid-month. Demand from Western Europe for chilled A through D grades has not kept up with China, and has all but stopped now. Japanese interest in A grade, in particular Red-A, is relatively strong.



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Marine Store

More member specials in-store!

GFC's Marine Store has just received a new shipment of premium

Tropical Ice Boxes



Available in six different sizes from 10L to 150L, these ice boxes feature robust construction, high density foam insulation and stainless steel fittings... Perfect for the marine environment!

Greg Gundlach Marine Store Manager

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