



Back on Track

It has been a tough winter in most parts of the country. A poor autumn followed by record low temperatures in May and June has put huge pressure on man and beast (who wants global cooling?). The effects of low or no fertiliser for a year or two are showing up. Stocking rates are down, some replacement ewe hoggets have been killed, and pre-lambing feed covers and ewe condition score will be too low on many farms.

One quick solution is to apply nitrogen and sulphur fertiliser before lambing, with phosphate in the mix at a level which can be afforded.

The target is to maximise weaning weight for both lambs and ewes, within a budget. It is highly likely that phosphate fertiliser will reduce in price once existing stocks are utilised. In the meantime, sulphur and nitrogen offer more immediate value for money.

Major fertiliser companies are offering nil interest deferred payment terms until December, then 1% interest per month. Why not use this opportunity to ensure that everything goes well in the spring?

Lets think positive.

- On the bright side scanning results have been generally good, helped by timely February rains in the dry regions.
- Lamb prices are strong, and predictions for next season are for continuing good returns.
- In July cull ewes in Australia were making \$NZ \$3.75/kg. It should be pointed out though, that sheep are bigger over there. The newspaper report of \$NZ156 paid for works ewes would indicate a kill weight of 40kg plus skin; average cull ewes at 30kg are much heavier than New Zealand's average of 23-24kg.
- Meat processors have reduced debt levels, so can better afford to reinvest, and to take a stronger stance in the marketplace.
- A good grass growing season in 2009-10 will translate into big demand for breeding stock, from quality ewe lambs to cast for age ewes. Can you take advantage of this?
- Sheepfarmers are no longer the poor cousins. Beef farmers are struggling with lower prices – \$3.37/kg average in Northland this season (Countrywide article). Dairy farmers are beset by a hike in operating expenses, and a proportion of them are sweating under a mountain of debt.

M & WNZ levy – how will you vote?

- The amount in question has fizzled from a decision between an ordinary postage stamp per lamb or fast post, to no post or slow post. The suggested \$12m for research and development is .2% of a \$6bn industry. Sure there will be contributions from processors/marketers, and from government, but the total package will end up at a fraction of good practice for a go ahead industry. If we are not prepared to invest in our own industry, why should anyone else?
- I suspect that research is under reported in New Zealand, for tax penalty reasons, and it is over reported in Australia, because of tax incentive reasons. Why penalise R and D? It doesn't make sense.



Wairere ram lambs looking forward to a future of wine, women and song

Hot air, or will you pay?

Wairere client Neil Henderson, of Gisborne, has put a lot of effort into raising awareness of the effect of an ETS (emissions trading scheme) on agriculture, and the New Zealand economy. We shoot ourselves in the foot if New Zealand has an ETS on agriculture, and no other country does. Meat and Wool NZ are lobbying to have an ETS at nil value, like death duties currently.

Meat: The Future.

This recent report of the New Zealand meat industry suggested four future scenarios: Slippery Slope, Shrink-to-fit, New Market Orientation, Knowledge Industry. These scenarios could be applied to our individual farms too. The report highlighted that success requires a substantial change of mindset and culture, and the need for capital and more skilled people.

Pre-requisites for success, in order of priority, are farm profitability, investment in research and development, processor profitability, and New Zealand's identity in branding.

Wool: What Future?

I think the prospects for good crossbred wool will take a significant lift with the activities of Elders/Primary Wool and Wool Partners International. The concept is to start at the retail end and work back. Previous promotional spend used to be generic, around the Woolmark, and then Femmark. The program this time is to train retail staff in the story around New Zealand wool.

Wool used to enjoy a premium of 1.6 to 1 over branded nylon, and there is no reason why that premium cannot be regained. That would lift farmgate wool price to nearly \$6 per kilo clean.

Perhaps the big drop in wool levy several years ago has been a factor in reducing the price of wool relative to other fibres which enjoy strong in-market support?

This new approach needs our support. For centuries, sheep were a very valuable animal to farm because they were dual purpose. We urgently need to get some value back into wool, then pelts, and all other co-products. The reduction in world sheep population will strengthen the supply/demand equation for all sheep products especially when the world economy starts to hum again.

The Sweet Spot

Is where carrying capacity, per head performance, and cost of production are balanced to give the highest sustainable profit achievable. Farm consultant Will Wilson believes that the sweet spot is achieved at 80-85% of potential production. Christchurch accountant Pita Alexander likens it to the red line on the rev counter of a sporty car – the last 7% has marginal costs exceeding marginal returns. And 93% is the point of maximum job satisfaction.

Here are some pointers from observing top farmers sitting near that red line:

- Put major emphasis on growing out your replacements well.
- Ensure you consistently achieve high per head performance before chasing stocking rate.
- Protect next year's scanning percentage. Feed to cater for a high lambing percentage can usually be generated somehow through the late autumn to early spring.
- Establish a strong platform in the spring, the money-making quarter of the year.
- Retain flexibility with trading stock, so capital stock can always be adequately fed.
- Keep on the front foot with adequate and timely fertiliser inputs.

In Pita Alexander's opinion the sweet spot concept is adhered to more in Australia, because of the volatility of climate and prices, and the big distances, which make farmers gun-shy of pushing for maximum output.

Best way forward?

A recent survey of sheepfarmers' requirements from rambreeders emphasized five features: low inputs, lamb survival, efficiency, longevity and structural faults. Let's look at these in turn:

- Low inputs. The trick is to find a point of balance with lower inputs which delivers optimum profit. There are five dominant chicken breeding companies in the world. They use "stress houses" to ensure that the breeding elite can stand environmental challenge. That is our role as a ram breeder. At Wairere we do that with a high stocking rate,

large mobs, and the Wairarapa climate, with swings from drought to wet cold winters. Wet cold is tougher on man and beast than dry cold, and a year round average wind speed of 35km/hour on the high ridges, rubs it in.

- Lamb survival. When we select our own sires, we look carefully at the dam background for lamb survival. The current SIL system is heavily biased to number of lambs born rather than number of lambs reared. Some sires are particularly good for lamb survival.
- Efficiency. A narrow definition is small ewes producing big lambs. But with self-replacing sheep (no terminal sires) there is not much theoretical advantage to low liveweight ewes, and there are some practical disadvantages. I define light as 60kg or below, medium as 61 to 69, and heavy as 70kg plus (mixed age ewes at 72kg and two-tooths at 65kg would average 70kg, net of wool weight). At Wairere our ewes are in the medium weight range, which reflects the average commercial situation. The Poukawa breed trial demonstrated the advantages of bigger framed ewes: lambs were up to processing weight earlier when the price was higher. Heavier ewes have more scope for hogget lambing, and more weight to lose in tough times. Bigger ewes attract a higher price as 5 years old, or in the works. Many of our costs are per head related.
- Longevity. The SIL recording system favours juvenile genetics, on average, because steady genetic improvement should render young animals more productive. We have to go against the system sometimes to select sires from ancient ewes. But we are very aware of the financial advantage of longevity.
- Structural faults. Eternal vigilance is the answer.

Wairere Points of Difference.

A nationwide farm discussion group addressed that question recently. Their answer was that the Wairere reputation is built around constitution, the ability of the sheep to bounce back after a tough time. There is also the value of a nationally known brand in the sale of Wairere ram clients' stock – be it store lambs, ewe lambs for breeding, two-tooths, or cast for age ewes. Murray Behrents, livestock procurement manager for Alliance, says "Wairere bred lambs have the conformation characteristics we are looking for and they yield well. Waireres get a tick from tasting panels whereas some Texel cross lambs are pronounced tough and stringy."

Success stories from satisfied clients.

Bruce and Shirley Roach farm 490ha of hill country 45 minutes north east of Napier on the Mohaka river. The



Bruce Roach (right) and Zic Gerard Van der Flerk with two tooth ewes.

winters are long and cold, and the ash soils are susceptible to summer dry. The property ranges from easy to steep hill, climbing to 600 metres asl. The Roaches are wintering 2,600 mixed age ewes, 700 ewe hoggets and 100 mixed aged Angus cows.

“I had tried several different Romney breeders with varying results then went to Wairere in 2001. We subsequently increased our lambing percentage from a range of 100-115% to a top of 141% survival to sale. All lambs are finished between 16 and 18kg, depending on the season. The sheep are free moving, easy to handle, good foragers and are tough with the ability to come back after hard times.”



Lindsay (insert) and David Divers with ewe hoggets. October 2008.

Lindsay Divers. Milton, “In 2008 we lambed 140%, with all lambs killed at an average of 18.3kg.

2009 scanning was better than last year at 178% including the two toothies.

Several years ago I bought a neighbouring farm with composite ewes so I have been comparing them. A Kelso ram was put over the Highlanders and they had a similar scanning to the Waireres.”

The Romneys: “Great constitution and they handle the hard stuff when needed.”

Wayne Anderson. South Island. Wayne has just stepped down as Operations co-ordinator of Lonestar Farms. During his time with owner Tom Sturgess, 1996-2009, Wayne expanded the portfolio of properties from Golden Bay to Otago. The farms run 152,000 s.u., mainly sheep, and some beef. Most of them have sea, lake, or river frontage, with aesthetic and location value. The Barewood and Caberfeidh stations in Otago use Wairere Tufguy (Texel/Romney). In the 2008/9 season, Barewood had 90% of lambs qualify for the \$5.25 premium based on viascan yield, @17kg, Y grade.



Wayne Anderson

Wayne is leaving at the end of major development programs on many of the properties. His commitment to doing the homework to acquire the knowledge of genetics, and the other essential inputs for a high-performing operation are a reflection of Wayne’s enthusiasm and drive for excellence. He will be missed, by our industry, but hopefully not for long.



Brett and Sue Woodruffe, with Sue’s brother Graham (insert) who farms the bottom farm closer to New Plymouth

Brett and Sue Woodruffe. Taranaki. “We scanned 178% this year (2ths at 169%) and the old ewes at the bottom place did 192%.”

148% has been the three year rolling average from 2,800 ewes and 1,000 5-6 yr ewes. Apart from 300 lambs sent down country to Sue’s brother Graham, all lambs are finished, averaging 16-17 kg.



Duncan McCrostie

Duncan and Craig McCrostie, Balclutha.

Cousins Duncan and Craig started using Wairere Romneys seven years ago. They also initiated a development program, clearing a hundred hectares of gorse gullies with a digger. The root raking was followed by burning, two years of winter crop, then permanent pasture. Effective area

is now 800 hectares, running approximately 8000su.

In 2005-06, 85,000kg of lamb carcase were produced; in 2008-09, 125,000 kg.

“This season we killed 17.2kg average (7335) lambs @ \$91 including 672 on lambplan when we dried out. Best weights yet, 1kg more than recent years.”

Scanning is relatively constant at approx 170% (no triplets), but much improved lamb survival at lambing, with less shepherding every year. Lambing percentage has moved in the past several years from 125% to 140%.

“We have changed to Dominator rams this season on 1700 old ewes. Lambing two weeks early on 4th September – aiming for an earlier average kill date and more off mother.”

Ram Prices

Ram Prices: Two tooth ram prices have been held for the past eight years. Quite apart from rising costs, we need to try to spread demand across a range of prices. If the top price bracket is too low, then too many rams are sold at that price. We like to keep the top bracket to the best 10% of ram lambs born.

We do realise that sheepfarming has recently been a game of two halves – those badly affected by droughts, and those who have enjoyed easier climatic conditions. However, on average across all categories of rams, we sell less than 20% of ram lambs born, so all price brackets reflect extensive selection and culling.

A comparison with bull prices paid this season demonstrates the demand for perceived top genetics.



Wairere King sires at White Rock station, near the southernmost tip of the North Island, Cape Palliser.

Bulls versus Rams.

Dollar value influenced by a bull each year, at differing mating ratios, and income per stock unit.

Bull: cow ratio	\$30/su	\$40/su	\$50/su	\$60/su
1:40	\$8,600	\$11,400	\$14,000	\$17,200
1:50	\$10,750	\$14,250	\$17,500	\$21,500
1:60	\$13,000	\$17,000	\$21,000	\$26,000

Dollar value influenced by a ram each year, at differing mating ratios and income per stock unit.

Ram: ewe ratio	\$60/su	\$80/su	\$100/su	\$110/su
1:80	\$4,800	\$6,400	\$8,000	\$8,800
1:100	\$6,000	\$8,000	\$10,000	\$11,000
1:120	\$7,200	\$9,600	\$12,000	\$13,200

Comparison of ram and bull beef prices.

The past several months have witnessed many strong bull sales, with average prices \$5,000 to \$7,000. This seems strange given a New Zealand average beef cow calving of around 85%, and that calculated after the barren cows are culled.

Beef cow operators would not normally go beyond a ratio of 1:50 because of accidents to bulls. At that ratio and \$60/su, for a weaner policy, a bull costing \$6,000 influences \$21,500 of progeny, or 4.6 times his cost (allowing residual bull value of \$1,300). At a mating ratio of 1:100, and revenue of \$100/su, a ram influences \$10,000 of progeny, and the equivalent cost of the **average** ram would be \$2,200. At 1:100 and revenue of \$80/su, the equivalent **average** ram price would be \$1,800; and at \$60/su, the equivalent **average** ram price would be \$1,400.

Conclusion: Rams are very cheap, relative to bulls. And the average bull lasts only 2.3 years (NZ survey) The average Wairarapa Romney Improvement Group ram (2006 survey) lasts 3.9 years.

Wairere Breeders Hotline

Please use us as an additional option for sale of capital stock – good ewe lambs, surplus two tooths, five year ewes. The last three years have not been conducive to sale of breeding stock, but the pendulum has swung.

We will highlight the Wairere Hotline in the Farmers Weekly whenever we have three or more lines for sale.

Inform Lynette@wairererams.co.nz. Stock should be fully described, including liveweight, flock performance, number of years using Wairere rams. Digital photos would help. This

Hotline should help link buyer and seller. Buyer and seller can then do the business, and involve an agent if required. Wairere will run the Hotline at no cost to you.

With dairy support and arable farming looking less attractive, the sheep breeding market is set to take off this season.

Thank you for your support, and best of luck for a fantastic season ahead.

Warm Regards

and the
Wairere Team

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