



Red Hot!

That's how Ewan Price, sheepfarmer in Western Victoria, describes the farmgate price for lamb, woolskins, and mutton. In March lamb was NZ\$6.60/kg plus woolskin value of NZ\$21-22 or NZ\$7-60/kg total. Mutton is currently NZ\$5/kg plus skin, higher than lamb in New Zealand.

Frank Langrish who farms 5,000 Romney ewes in Kent, has just emailed these comments on the UK livestock situation.

“The sheep sector has suffered from the bad weather with losses of ewes and lambs at very high levels. Snow at the end of March coupled with severe cold has meant that lambing losses have been high. Sheep farmers may have had one of the worst winters for the last sixty years, but it has been compensated by very high prices of hoggets and cull ewes. The price of cull ewes has regularly been over £100.00 (\$NZ217, 30kg+ lean carcasses) with hoggets up to £2.20 per kg liveweight as well.

New seasons lamb are £5.00 per kg deadweight at the moment, but numbers are short and many butchers prefer to stay with hoggets.”

Frank is the Chairman of the UK Wool Marketing Authority.

“The other good news is about the wool price; our British wool price indicator stood at 68p per kg last September and has now climbed to £1.20 (\$2.61 greasy price for unskirted fleece).”

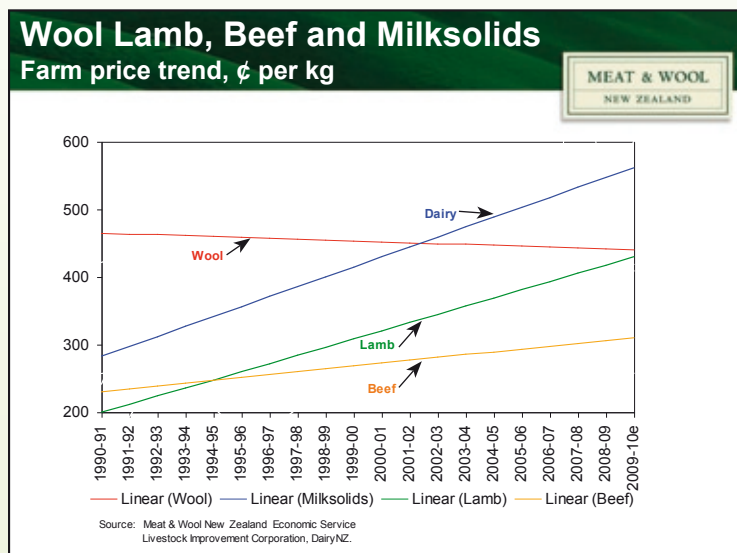
The world sheep population has been winding down by around ten million per year over the past twenty years. Now those who like their kebabs and curries are having to pay much more for the raw material. Low value cuts like flaps, necks, and briskets can be incorporated into some traditional Asian cooking styles, and so have benefitted from a recent doubling in price. If the world sheep population stabilises then we can anticipate an ongoing strong demand for mutton and lamb.

Seasonal effects will also contribute. The severe winter in northern China/Mongolia has killed millions of animals. And the wet cold British spring will reduce production and delay the seasonal kill.

The Big Picture.

New Zealand sheep farmers are often told by their processor/marketers that prices are toppy and we should settle for less at the farmgate. But consider the projected price for milk

solids this season – double the price of beef at the farmgate in January 2010. I asked Rob Davison of Meat and Wool Economic Service to analyse the relative price of milk solids versus lamb/mutton/wool/beef over the past twenty years. The graph shows dramatically what has happened over time.



At the FAO Conference, ‘How to Feed the World in 2050’, it was concluded that cereal production would have to increase from 2.1 billion to 3 billion tonnes, and meat production from 250 million to 450 million tonnes.

Where will the growth in protein supply come from? I cannot see where the predicted 110% increase in beef production is going to be produced.

What can we do to help ourselves?

We need a gamebreaker. Sheep farming cannot compete with meat alone. We need to add value to wool and skins.

- Support a market driven wool company. WPI and Elders Primary are rumoured to be forming an alliance, which would ease the confusion in farmers’ minds as to whom to support. Wool has been selling for 30% less than branded nylon rather than the 60% premium it used to have. An extra \$10-15 per sheep from wool would make a significant difference to sheep farm profitability.

- If that could be coupled with a 50c to \$1 per kg addition to lamb price from higher skin value Over the past five years Wairere has airfreighted around 220 Romney rams to Australia, to western Victoria and Tasmania. The Romney/Border Leicester-Merino cross woolskins pass inspection for grading as woolskins – a dense bulky wool type which can be used for higher value purposes than our crossbred woolskins. The Poll Dorset wool type also blends well with the Border Merino. What wool type can we develop (without Merino) which can achieve a premium?
- Can we recapture some of the retail margin? The farmgate component of retail value has slipped from around 45% in the mid 1980s to around 25% today. Can we establish another market channel direct to the consumer - ‘meal ready’? Would a farmer-owned company which trades 80% of NZ’s export lamb and mutton be able to extract a margin which can make sheep farming a competitive land-use? Why does NZ lamb have to pass through the hands of Irish category managers to get into U.K. supermarkets?
- Improvement behind the farmgate is an ongoing solution. But when the package of produce (lamb/mutton/wool/beef) is earning only 50-60% of the kilo value of our main competitor for land, then our means to do so are limited. We are far less able to afford the higher cost of fertiliser, or supplementary feed, or new pastures. An industry in survival mode spends less on research and development, and product and market development. It is my belief that the farmgate produce package needs to lift in value to \$5/kg to foster another wave of innovation on farm.

How to cope this winter?

Many parts of New Zealand are trapped in an autumn drought. Getting capital stock through the winter in good condition may require a different approach to normal. Nitrogen fertiliser can work wonders in revitalising pasture. Put it on NOW to help create winter feed and strengthen the sward for the spring. Nitrogen is the cheapest supplement, and you don’t have to feed it out seven days per week like hay or silage, or breakfence it like crop.

Dr Jim Crush of AgResearch told me recently of a five year trial in the Waikato measuring nitrogen fixation by clover. In a good year clover fixation was 300kg per hectare, in a bad year 90kg. In drier areas I suspect that clover fixation is almost zero in droughts, yet farmers have persisted in pouring on phosphate and sulphur every year. And yet there seems to be a belief among many sheep and beef farmers that nitrogen is evil. Nitrogen is often the most limiting factor to pasture control. High production dairy farmers in the Waikato routinely use 200kg N per hectare per year, and some use up to 400kg. Clover is not an important part of pasture production for them.

A sports ground in Masterton was sown down in a new turf, but with a disappointing result. The turf consultant recommended nitrogen fertiliser rather than resowing. Monthly applications of 100kg/hectare for nine months made such a difference that passersby thought the stony ground had been irrigated right through the summer.

A Ravensdown trial on dry hill country in Hawkes Bay showed dramatic response to nitrogen on northerly faces where the clover factory hardly exists. A response rate of 50kg dry matter to 1kg of nitrogen was achieved –at a cost of 2.8 cents per kg dry matter.

All of Wairere has had some fertiliser nitrogen every year over the past thirty-six years, averaging around 25kg N/hectare/year. Nitrogen has helped create strong pastures on ordinary hill country, and enabled a mid-winter stocking rate of 750kg liveweight per hectare without crop or supplement.

There is no easy answer to a feed shortage. The choices are: create feed, sell stock, or accept reduced performance.

The first inch of grass is the hardest to grow.



Wairarapa Farm Business of the Year.

George Tatham, winner of this prestigious competition showcased the 1450ha Matariki on April 21st. George worked at Wairere for two years 1997-98, and runs 2,000 Wairere East Friesian/Romney and FuTuRo ewes for our breeding program.

“The Wairere ewes performed really well through these past three difficult seasons, at 160%+ and high weaning weights – 33-34kg at 105 days, apart from August 2008, with 240mm during lambing.”

George monitors pasture levels and is quick to offload stock and/or apply strategic nitrogen if a feed deficit is predicted



East Friesian/Romney ewes and lambs at George Tatham’s property, Wairarapa, 161% weaned at 35.5kg average in a difficult spring.

by Farmax. His animal health program, targeting long term sustainability, includes crop for most of the lambs in March/April, when the internal parasite challenge tends to peak.

The downside of the day was the statistic that the basket of produce (lamb/wool mutton/beef), earned only \$3.29/kg this season, which is just 51% of what dairy farmers will earn (\$6.40/kg MS). With 285 enthusiastic visitors one couldn’t help thinking that the same level of energy applied to product and market development might have a dramatic effect on the rewards at the farmgate.

Dairy farmers have been investing in their own industry beyond the farm gate for decades. The full payout of \$6.40/kg requires the average dairy farmer to have \$500-600,000 in fonterra shares.

Wairere Sheep Overseas.

Australia. The Wairere Romney cross over the traditional prime lamb dam, the Border-Merino, is proving its worth. The Wairere cross is smaller (only 85kg! versus 100kg) and requires less



Two tooth Romney/Border Merino ewes with lambs, 20th September, in Western Victoria



Wairere partner in Australia, Ewan Price

maintenance feed. It is also more resilient to wet winter conditions and internal parasites, and retains better condition score through the long summer dry.

Breeding one's own replacement ewes has become an attractive option with Border-Merino ewes often selling for more than NZ\$260. The supply of Border/Merinos has substantially

declined with the relative demise of the wool industry. Those farmers who opted to change from sheep to cropping after the drastic 2006 drought and the excellent grain prices in 2007-08, are now mostly committed to grain because of an investment in expensive machinery, and a lack of cash to buy back into breeding ewes.

United Kingdom. In November 2007 and September 2008 Wairere airfreighted seven rams to England to start a joint venture with Chris and Caroline Hodgkins in Sussex, near Brighton on the south coast. Chris had a Romney flock, and had already used some NZ semen. Chris sold forty half Wairere rams last season, and is looking forward to his first big number of Wairere cross rams on offer this June to August. The English Romney is a solid thrifty type, but lacking in fecundity. The Wairere type offers a very substantial gain in lambing percentage, plus easy care lambing, and lamb survival outdoors. The Wairere Romney will also offer a complete outcross to the main prime lamb dam, the Mule (Scottish Blackface or Welsh Mountain crossed to the fragile but fertile Blue-faced Leicester). The uptake of a type suited to outdoor lambing could well preface a change in the British sheep farming system towards later lambing and production to fit the grass growth curve. This would also dovetail better with the peak supply of NZ lamb onto the UK market in March to June each year.

The biggest plus of having Wairere genetics offshore is that it provides production and market research information.



Chris & Caroline Hodgkins
Wairere joint-venture partner in UK



Love at first sight. Kiwi boy meets Pommy girl

Young ewes.

“Don't call them hoggets, call them young ewes”, is the philosophy of Kevin Lowe, supervisor of Limestone Downs, Waikato. We take the same approach at Wairere. Ewe hoggets are a resource not being optimised by the NZ sheep industry. Many sheep farmers stunt the growth of ewe hoggets in order to finish prime lambs. But the potential is there for a lambing of up to 120%.

Limestone Downs, owned by the C Alma Baker Trust, is charged with carrying out research. Recent analysis of lamb deaths born to ewe hoggets has revealed the surprising result that many twin lambs die of dystochia, as well as singles. Do we want smaller lambs at birth? or ewes with a bigger pelvis? Andrew Puddy, who managed the Te Whanga Angus stud for fourteen years, is firmly of the opinion that chasing low birth weight calves is the wrong option. Andrew pursued a policy of breeding for high growth rate regardless of birth weight and successfully calved 130-140 heifers each year without calving problems, by breeding for a bigger pelvis.

Every extra kilo of birthweight translates to an extra 2kg at weaning – better a 5.5kg twin than a 4kg twin.

Wairere clients have had some spectacular hogget weaning results this year. Jack Valois, who manages Brooklands station in the north Wairarapa for John McFadzean, weaned hogget lambs at 34kg average. “These lambs were quick to finish to 20kg c.w. The Wairere Multiplier over the Perendale ewes we inherited at Brooklands produced good results in terms of lambing and growth rate, but I really like the progeny of the Wairere Romney back over that first cross”.



Romney/ Border Merino ewe hoggets with lambs, in Western Victoria, September 2009

Foras sesto pondero ver.

For those who don't know Latin, the English translation is “For asses to ponder over”:

- A high lamb schedule in September/October encourages farmers to kill surplus ewe hoggets, rather than retain them to sell as two tooth ewes for breeding. We “kill the goose which lays the golden egg”
- The largest pig producer in the United States was losing \$U.S.2m per week for much of the last twelve months. One contributor to the oversupply was a cure for a common disease which was killing ten percent of piglets every year.
- Did you know that bamboo is now used to make clothing? and high quality clothing too. It is also used to compress into heavy duty flooring, now commonly used in New Zealand. Technology can radically change the supply/demand equation.

- By 2018, Pioneer predicts that the yield from its superior maize cultivars will be 40% higher than the yield in 2008. Pioneer employs 300 scientists, and has trials operating in both northern and southern hemispheres. What progress will have been made with grasses and clovers over that ten year period?
- Imagine a national flock where only 90% of ewes got in lamb, the national lambing (including barren ewes) was only 72%, and 18% of young rams and 25% of mixed age rams were assessed by veterinarians as unsound for breeding. This is the state of New Zealand's beef herd.
- To the annals of global warming lunacy, add this gem from New Zealand: According to a parliamentary committee, "Kiwis should accept lower standards of living to protect the national image abroad". (Wall Street Journal)
- Murray Gemmell at Wairere King had a new client last year, who selected nine rams at the lowest price bracket. He said that he would move up a bracket in ten years time if the rams did a good job. He was 82 years old. Breeding good stock is the work of a lifetime.

Apology.

In the August 2009 newsletter, Murray Behrent, procurement manager for Alliance, was quoted as saying, "Wairere gets a tick from tasting panels whereas some Texel cross lambs are pronounced tough and stringy". Murray would like to point out that "neither Alliance Group or myself would ever run down any breed in that manner". I apologise for the misquotation.

I met with Murray in February. The statistics coming out of their Viascan yield program are fascinating. North Island lambs (more compact) average 2% above South Island lambs (which include Merino, Merino-cross, Corriedale, and still some long, lean Romneys). Taste tests has made Alliance wary of having too much muscle at the expense of fat and bone, so the current recommendation to farmers is to "not get carried away with muscle yield, or other desirable traits may get compromised".

Out of 1836 lambs which Wairere sent through Alliance in 2008-09, 90.8% had combined leg, loin, and shoulder above the threshold for the premium available. Various drafts of cull lambs (the better ones kept to be sold as rams) from December to May ranged from 53.5% yield to 57.8%.

Success stories.



Neil Henderson, Gisborne. We all owe a vote of thanks to Neil for his effort in raising a 10,000 signature petition against the Emissions Trading Scheme. And despite his dedication off farm, Wairere continues to enhance flock performance. He achieved his best ever result of 144% in 2007, then lambing took another lift in 2009 to 151%.

Roger Aitken, Taihape. "I take a strategic interest in the farming operation. Manager Kevin Pye is running the show.



Kevin and I decided to relent on the high stocking rate policy during the 2007/08 drought, and dropped from around 12s.u./ha to 10. It was a good move. Lambing is usually in the 140s, and the drought reduced that to 135%. But the easier stocking rate and earlier lambing allowed a big weaning draft at 18.5kg average".

The Taihape Vet club monitors grass growth, it was 30% below normal in the autumn of 2007, 50% below in 2007/08, and 47% below in 2009. "We breed and finish sheep and deer, and attempt to breed and finish cattle. It has all got a bit hard!" "We used Wairere Earlylamb for five years, but swung back to straight Romney across all ewes in 2007. It is pleasing to have sheep performance hold up given the lack of feed".

Tony Hansen, Hunterville. Sold Wairere capital stock ewe lambs (34kg) at Feilding in January for \$111, a good boost for Tony's lifestyle change from farm leasing to joining Stephen Harris's livestock agency business in Taihape/Hunterville.

Steven Bamford, Balclutha.

"This season we killed 4154 lambs POM @ 18.6kg at an average of 105 days. The 6,000 ewes lambed 152%, so that was over half our slaughter lambs gone at weaning". Steven uses Wairere TefRom and Dominator rams.



What makes Wairere different?

- **Size.** 15,900 ewes involved in the rambreeding program this year, and 9,000 more with joint ventures.
- **Constitution.** Mob stocking on second class hill country at a high stocking rate, 700-760kg liveweight per hectare wintered, has created the Wairere reputation of "bouncing back after a hard time". Wairere is a good testing ground, winter wet, summer dry, and in a Class I wind zone.
- **Early maturity.** Romney ewe hoggets must get in lamb, regardless of the season (had to relent in 2009, 7.5% dry hoggets retained). All ewe hoggets have been mated since 1966, and are lambed unshepherded.
- **Meat yield.** Up to 7,000 ram lambs each year have been measured for eye muscle area. This measurement is integrated into our SIL index.
- **Choice.** Romneys and more Romneys, six composite types, composite terminal sires.
- **Ruthless selection.** Selling, on average, one in five ram lambs weaned.
- **A brand name that adds value.** Wairere stock are sought after by breeders and finishers.

Thank you for your support.

Warm Regards

and the
Wairere Team

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