



Enjoy the ride!



Two tooth rams at Wairere, early November 2018, thirteen months old.

A sweet spot

New Zealand sheep and beef farming is in a sweet spot, thanks to African Swine Fever in China, and the drought in Australia. These misfortunes elsewhere have skewed the supply/demand balance in our favour. As of mid July, lamb prices in Australia are north of \$A9/kg, and mutton above \$A6/kg. However, in the UK their mid season lamb price is £3.90/kg (NZ \$7.22/kg), because of drought in continental Europe, and Brexit worries. Beef prices in the UK are rock bottom, and there is a two month wait to get cattle killed.

Sheep numbers in Australia have dropped from 70 to 62 million, and rebuilding the flock will not happen this season. There are properties which are still totally destocked.

All indicators point to strong sheep meat prices for at least a couple of years ahead.

Supply/demand

We are fortunate that the global supply of sheep meat is static or declining, and there is no way that supply will suddenly erupt. Contrast that to pig and poultry production, which can be ramped up fast.

What about meat substitutes? The latest forecast for global meat/fish production is a 1.7% increase annually to 2028. This will take current production of 500 million tonnes per year to around 600 million tonnes. How much of that

projected increase will be taken over by plant based, meat substitutes? It will take a lot of factories to produce 100 million tonnes of vegetable meat.

Making New Zealand poor again

This latest hysteria around "climate emergency" doesn't tally with the export value of primary industries increasing 19% over the past two years! The Select Committee will come out in mid October with its decision as to whether to continue a guaranteed minimum price for carbon credits, available to any wealthy corporation from anywhere in the world, for planting trees on productive farm land. Social welfare for foreigners has to be a world first.

Did you know that global aviation has expanded tenfold since 1995? All those GHG emissions...will our government put a fuel tax on Air New Zealand, to provide leadership for the rest of the world? If tourist numbers were halved, there would be no need to build extra hotels and other expensive infrastructure. Has it not struck our politicians that world governments might impose a heavy tax on aviation in the near future? Why promote an industry with such a heavy risk profile?

Subsidies always benefit some people. In this case, those selling farms are receiving a higher price. But those of us who want to farm face a bigger financial hurdle. That is particularly relevant in more remote areas where it used to be possible to buy a first farm relatively cheaply.

The recent sharp drop in log prices is a reminder that plantation owners have historically endured more low price years than high. How do you predict the price for a crop that you will sell in thirty years time?

My solution?

If it is so important for our politicians to save face, let the wilding pines expand at 90,000 hectares per year. Why not cover up the barren land of the South Island rather than the productive farm land of the North Island?

Money

World GDP is around \$US80 trillion. World debt is calculated to be \$237 trillion. That's why many experts think that low interest rates are here forever. However, there is that saying, "Never say never." Phillip Poppe of Forex Ltd, Wellington, also commented that the Australian banks have excellent cost efficiency, some of the lowest ratio of costs to income in the world. Use of technology is optimised to minimise "human touch". How can we echo that approach on farm? Can the new generation of robots be taught to shear sheep?

Investing in our future



It takes balls to go beyond the farm gate with your time and money.

Advocacy roles cost time and money, and I salute those farmers who bat for our interests across a range of voluntary organisations. Also important are those farmers who are prepared to take a risk and invest beyond the farm gate to try and add value to product, to build a brand.

Wairere, helped by you, our clients, has invested in a number of such ventures:

Lean Meats, with its Atkins Sheep Ranch brand in North America, was the first, back in 1989. Lean Meats really turned the corner to profitability in 2015, after a second injection of capital from Craig Hickson. His first was back in 1992.

Cross Slot, a direct drill company, was launched as a private company in 1995. Unfortunately, that first version of the company failed, with the start up capital consumed in manufacturing demo drills, and no working capital left in kitty.

Watson and Son, a Manuka honey company, was founded in early 2004 by Denis Watson and me. We took out the Deloitte's Fastest Growing Company in New Zealand Award in 2008.

NZ Yarn has had a rocky road over the past several years, with customers renegeing on contracts. Hemp NZ came on board as a shareholder in 2018. This should enable NZ Yarn to turn the corner. However, one company is not going to save the strong wool industry.

Knewe Biosystems, a company founded in 2016, sells a prebiotic feed supplement for ruminants, made from a

cheap byproduct of bioethanol production, then combined with a magnesium compound. Founded by prominent New Zealand nutritionist Dr Graeme Coles, Knewe increases milk solids output in dairy cows and growth rate in beef cattle. Knewe improves the efficiency of the rumen, and has the side effect of significantly reducing methane emissions.

Wool, missing in action

Despite many growers supporting the Primary Wool Co-op and/or Wools of New Zealand, those companies have achieved little in boosting demand. By contrast, New Zealand Merino is enjoying a lucky ride. The supply/demand balance for apparel wool has been significantly improved by the long running drought in Australia. The fine wool clip is well below normal, and some of the drought grown wool is tender and full of dust.

It is a moot point as to whether NZ Merino has increased the demand for fine wool, or just been fortunate that companies like Icebreaker and SmartWool have lifted demand for fashionable and comfortable apparel. The fortuitous lift in fine wool prices, coupled with the lowest coarse wool prices ever, has given NZ Merino a strong financial position relative to the other two grower owned companies. It would be logical for the three to combine forces.

It was five years ago that technology was first developed at laboratory level to convert wool to a powder. The powder enables multiple end uses outside the fibre market. And even within the fibre market, by extruding a uniform, ten micron fibre, capable of being used for luxury clothing. Where has this product development got to? The previous Chair of WRONZ, Derrick Millton, worked hard to gain 100% control of the technology for growers, from the current Chinese owners of Wool Services International. He also recently gained approval for \$4m funding from WRONZ to build a pilot plant for the wool to powder conversion.

Fine wool for you? Wairere started Wairere Merino in 2013. We combined the well known attributes of the Wairere Romney with the Nine Mile Merino strain which had been bred for a decade with an emphasis on more fat, more meat, and fast growth rate. Our Wairere SmartSheep are working a treat for ram clients in the right environment. However, I would warn against an expectation that these Halfbreds can be shifted anywhere in the country. Around sixteen years ago Wairere initiated a cross to Dohne Merino, a South African bred, dual purpose Merino. Despite paying \$11,000 for our first sire, the third ranked Dohne in Australasia, and with a 1:1 foot score on the Lincoln DNA

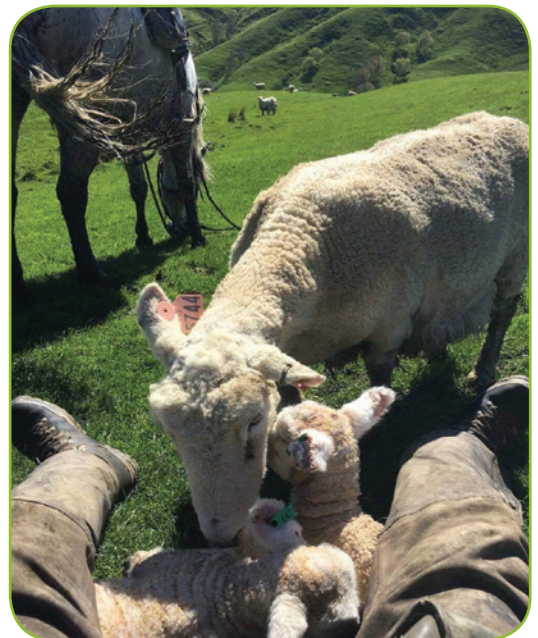


Wairere Merino ram hoggets, six months old.

test, some of the lambs used to get interdigital scald before weaning. We persisted with the program for five years, until our biggest client, Hugh Northcote of Whalesback Station, North Canterbury, said, "I really like the sheep, but I can't get my clip under 25 micron with them."

What about feet? In 2006 Wairere took on a breeding program for a North Island client which involved buying top Perendale ewes to mate to a Finn Texel ram. The 350 annual draft Perendale ewes arrived at Wairere averaging 68kg, after two days off feed. They scanned 180%, but weaned only 105, in a year when our Romneys weaned 150%. More disappointing was the fall off in BCS, and the lameness which developed through the winter and spring, plus the poor growth rate of the lambs. That breeding program was dropped immediately. But what it did highlight is the different ground conditions in different parts of NZ. If those Perendales didn't shift well with feet, Merino based sheep face a bigger question mark. I've been around farming long enough to have observed a couple of eras of fine wool sheep in the North Island, but most disappeared quickly.

The right sheep in the right place. Don and Kate Anderson, North Canterbury, Beckenham Hills, near Cheviot, has been using Wairere Merino Rams since 2014, over what was a 7300 Corriedale ewe Flock.



Tagging lambs, 2017, Wairere weaned 152%, but not enough BCS on this ewe!



Wairere Merino SmartSheep rams at Beckenham Hills, North Canterbury

"The improvement has been significant. Lambing has lifted from 110 to 145% in 2018. Weaning weight is similar, but with more twins the total weaning weight is 32% more to sell or retain. Micron for the younger ewes has reduced from 28-28.5 to 26-26.5. Great people and better feeding has been part of the improvement. Following a brutal three year North Canterbury drought, with rainfall ranging from 240 to 450ml, kale is grown for feeding ewes 7-10 days before mating to 7-10 days after. Regrowth is then fed to twin ewes post scanning. The ewe hoggets go onto lucerne in February. These Wairere SmartSheep have given us more potential to realise, and the bottom line has improved dramatically."

Out of Africa

Africa is the next big thing, according to some observers. The Dark Continent was once considered the Black Hole of the world economy. But, with an area almost four times the size of Australia, the most under utilised flat land in the world, and mineral resources galore, Africa is commanding attention. Another feature is the projected population explosion, from 1.25 to 4 billion by 2100. So, when Nuffield International proposed a 24 day trip through four countries, checking out a huge range of agricultural enterprises, it was a no brainer to go. Here are a few observations:

- Although Europeans were the first to settle areas like the Cape, Natal, and southern Zimbabwe, the Bantu, who migrated south from central Africa over the past two centuries, have bred faster, and have swamped the Whites, and the Bushmen who were nomadic through those areas. Even HIV hasn't slowed them down. Five million in South Africa in 1900 have swelled to over fifty million now.
- Maize is the main crop, the staple food. But the recent rise of the Fall Army Worm has devastated crops, taking out 60% of the normal yield in Tanzania last year. That is really serious for subsistence farmers.
- Rainfall in Southern Africa comes mostly during a four month wet season, from December to March. Recent wet seasons have been poor, so poor that there was total crop failure in northern Namibia this year. Already there are 30% of the population on food aid. How can city councils in NZ claim "climate emergency" when the value of primary industry exports has risen 19% in the past two years?
- There are a lot of new plantings of avocados and macadamias, chasing high value exports.
- An Australian farming in Kenya has found that producing forage for local dairy farmers is 120% more profitable than growing pulses(chickpeas, lentils, beans) for direct human consumption. That is the opposite to what the Greenies around the world are telling farmers to do. But the idealists don't farm. They just want to tell us what to do.
- Young people are discouraged from a career in agriculture. "Buy a small farm when you retire". As in almost all countries, the urban elite demand "healthy food", but don't want to farm.
- NGOs are poorly regarded.

- Cattle have to be dipped every five to seven days to keep ticks at bay.
- To achieve better utilisation of flat land will require water storage. That requires capital. Chinese investors are very active throughout Africa, building infrastructure, and buying assets wherever possible. Many Chinese have shifted to live in Africa, and are unlikely to go home.

- Rotational grazing was the norm in Africa for the huge herds of wild animals. Those migration routes are not possible now, because of human settlement. That is leading to overgrazing of palatable plants, which are gradually being replaced by unpalatable species.

- Land within an hour of Nairobi is horrendously expensive, \$US2.5 million per hectare. Word is that the pirates on the Horn of Africa need somewhere to bank their money. So much for the anti money laundering compliance which adds extra costs to all NZ businesses.

- The traffic on the atrocious road from the Zambian border with Tanzania was a procession of fuel tankers plying the 2,000km journey from the coast to mines in the Congo...which export cobalt and lithium for manufacturing batteries to power electric cars in the Rich West.

- Zimbabwe is still a mess. Fuel is rationed, requiring



Living dangerously... I was within 50cm of being trampled by this rhino!

queuing when it becomes available. Electricity supply is random, so generators are an essential backup. The Kariba dam is at its lowest ever, yet power from there is transmitted to mines in the Congo ahead of local consumers.

- Political corruption is rife in many of Africa's fifty-four countries, so many economies are winding down rather than progressing. "What's yours is mine."
- In May this year, there were forty armed raids on white man farms in South Africa. Sixteen people died.

Perhaps farming in NZ is preferable?

Native biodiversity

The trip to Africa disclosed the vast difference between the biodiversity here and there: Africa, 1150 species of mammal, NZ 2; Africa, 68 species of snake, NZ none; Southern Africa, 430 species of bird, NZ 196 (48 extinct, 32 during Maori civilisation to 1840); Africa, 1279 species of freshwater fish, NZ 58. There are still hundreds of thousands of hippopotamuses, and a remnant elephant population. In Africa the waters are always muddied. In New Zealand the lobby group Fish and Game bangs on about stock walking across streams.

Those pesky parasites

Quoting from the Taihape Veterinary Club June newsletter: "Triple resistance is now running in the order of 65% of farms tested and climbing. In fact it is already the situation if your farm hasn't got triple resistance diagnosed, you can consider yourself lucky(or you simply haven't tested)... There are systems we have put in place to prevent recognising this problem too late. In particular, the exit/knockout drench strategy and our monitoring of drench effectiveness...Firstly however, we have not seen any association between triple resistance and the use of capsules...For instance, we have farms with high capsule

use and excellent results from FECRT and vice versa".

Wairere comment: over the thirty years that we've tried different approaches to internal parasites, our observation is that minimising drenches can lead to a big build up in the worm population. So you end up working against yourself. Quoting Chris Mulvaney of Stockcare: "We need to learn to live with worms. We will never get rid of them. The best long acting drench for adult sheep is plenty of good green grass". Chris is the guy who invented the hands on method of assessing BCS. This is the simplest, cheapest and most effective technological advance in sheep farming this century.

We agree with the opinion that having an extra half BCS on your sheep reduces the need for drenching. We would also comment that the top performers pitch their minimum BCS well above the norm of thirty years ago, when the high stocking rate mantra still ruled.

Most of the work on breeding sheep with resistance to parasites has been trialled in the southern South Island, where the worm challenge is lower. And resistant sheep tend to have lower growth rates and more diarrhoea. Resilience works to a certain point, until the worm challenge becomes massive.

But, a record average lamb weight(around 19kg) this season indicates that NZ farmers are adapting management to deal

with the challenge. Word from the drench companies is that anthelmintics for cats and dogs sell for \$280/100 kgsLW, \$20/100kgsLW for horses, \$3 for sheep, 80 cents for cattle. And with pets there are no milk or meat residues to worry about.

The Primary Industries Council

Farm discussion groups can be a great way to get the benefit of presentations from high level speakers. In early July, our PMG discussion group had the good fortune to enjoy a session with Lain Jager, chair of the PIC, a think tank that will be disbanded in 2020. Lain has recently stepped down as CEO of Zespri, a company that he managed through disaster and then huge success. He asked us to spell out the ten most important applied science solutions required for the food and fibre sector. What are yours?

Another think tank looking for potential changes in the agricultural sector asked the question, "If a different culture had settled NZ, what would those people be farming?"

Winners!

Brian and Anna Coogan, farming near Taihape, have won the NZ Ewe Hogget Competition this year. Brian switched to Wairere Romneys eight years ago, following a few years of using a multi breed composite. Performance had stalled at 140% and 50% POM at 17.5kg. By contrast, lambing in 2017 was 163%, 159 in 2018. And 91% of lambs went POM at 19.7kg this season, singles in December and twins in January. Hogget lambing is in the 90-100% range. Assisting this stellar performance is Brian's system of restricting all cattle to crop in late winter/early spring. That allows more room for the ewes at lambing and in early lactation. And the early sale of prime lambs frees up summer feed for replacement ewe lambs and for rising two tooth ewes recovering from hogget lambing, a virtuous system.

Impressive! Genetics create potential, but management allows that potential to become reality. Congratulations, Brian and Anna!



Brian Coogan with two tooth ewes.

Brian: "I have always enjoyed working with you and your team, and value the dedication and hard work going on behind the scenes."

Field day at Mataroa, November 29, 12 noon. Save the day.

Genetics review

Wairere has contracted Abacus, an independent scientist group in Dunedin, to review how Wairere genetics are benchmarked by SIL and NZMW (New Zealand Maternal Worth). Our 52 year practice of screening in high

performing, non recorded ewes has worked against us, as those ewes are relegated to the performance of the average NZ ewe in 1995!

Wairere has had its own breeding objectives since 2001, all variations on SIL breeding values. We have reduced emphasis on NLB (number of lambs born), preferring to favour those ewes which REAR lambs. For example SIL, in



Tagging lambs at birth, Wairere, spring 2017.

its emphasis on potential, will sometimes rank a wet dry ewe above one which reared twins. We have always taken the approach of commercial farmers: that ewe would have been culled, or relegated to the B flock and mated to a terminal. Wairere has measured eye muscle area on ALL ram lambs present in February/March for twenty years, and derived a BV for that. We have mated all ewe hoggets since 1966, and have required hoggets to be pregnant to be retained since 2005. Only a small percentage of Romney breeders measure these aspects of productivity.

Abacus geneticist Peter Amer suggested that some ram breeders look like Formula One performers in their indexes, and Wairere looks more like a Toyota Land Cruiser. If that's the case, Brian Coogan definitely drives a Lexus! And Land Cruisers can deal with a huge range of conditions. The success of so many Wairere clients belies the attempt by Beef and Lamb Genetics to try to rank ram breeding flocks across the whole country, given the huge range in feeding and management.

Client success stories

Stuart and Jo Fraser, farming Mt Benger in North Canterbury, took out the Composite section of the NZ Ewe Hogget Competition this year. Stuart has built on the strong base established by previous equity manager Matt Iremonger.

The breeding program uses a mix of Wairere Romney rams



Stuart and Jo Fraser with son Jock

and North Canterbury composites. "Lambing averages 165%, so triplet survival and fast growth are a focus for continual improvement. Last year's 1,800 hoggets were 50kg to the ram, scanned 133% and tailed 97. The hoggets are run on the irrigated flats, and take priority over sale lambs".

Stuart qualified as a diesel mechanic, then moved with Jo to West Australia in 2012. "I worked for a contracting company that supplied mechanics to mine sites around WA. I spent the last year in the office, looking after 110 mechanics while doing hiring and day to day logistics between mining companies and site personnel. We came home to Mt Bengier in early 2017".

Euan and Stuart MacDonald, North Wairarapa. "During our annual banking review, our account manager asked what we had changed that would explain the improvement



Stuart and Euan MacDonald

in our financial performance? I replied, "We changed our ram breeder".

"We run a simple system of ewes and cows, and finish a good percentage of what we breed. More lambs gone at better weights...what more could you want? It's steep, broken country with plenty of hazards, so lamb survival is a big issue for us. Wairere lambs have got plenty of get up and go when born".

Robin and Gill Murray, North Wairarapa.

"For the past nine years since we started using Wairere genetics, we have produced more lambs each year from the same land area. It's not all about the genetics, but they have surely helped. One of the biggest improvements has been our hogget lambing.

We started with Wairere Composites, and moving back to Romneys has added some hybrid vigour. Using Dominators for our B flock and hoggets means that we get everything that we need from Wairere, and they do the job."



Robin and Gill Murray

Grant and Charlotte McNaughton, North Otago. "We purchased The Dasher seven years ago. Everyone said it was too tough, too cold, but we love a challenge. We targeted an ambitious development program, starting at the low altitude end of our 6,300 hectares. The in-lamb ewes we purchased with the farm scanned 123%, and struggled to

get 105% to weaning, a good incentive to change from Perendales to Romneys. We trialled rams from a couple of breeders. I settled on Wairere, and watched our sheep performance climb in tandem with the development program. The two toothies are now scanning higher than the mixed age ewes, at 173 in 2018. Next year we will have no Perendale ewes left, so it will be interesting to see where our percentage settles out. Our lamb weights are much improved too. We sell forward store, and people seek out our lambs. Coming from a hard, high place they shift well, and the Wairere name seals the deal. The big lift in numbers and value will allow us to accelerate the development."

Grant won the National Bank NZ Young Farmer competition in 2010, at only 25 years old. "Last year I was fortunate to be a finalist in the Zanda McDonald award, a transTasman scholarship, set up by Shane McManaway, CEO of Allflex. All these events have

added to my general knowledge, and my network beyond the farm gate. Farming is about people and relationships, and we are fortunate to have met some great people, and have good people who work with us on and off the farm. In a challenging environment ahead, we must embrace the storm upon us and learn to dance in the rain. It excites us immensely".



Grant and Charlotte McNaughton with Greer and twins Fletcher and Matilda

The end of an era

The past few months have been a transition period, with Lynette, our long standing office lady, passing the baton to Olivia. Lynette, thank you for being the cheerful, welcoming voice of Wairere for so many years.

Olivia Rhodes comes from Banks Peninsula Canterbury, and completed a Bachelor of Agriculture at Lincoln, plus 18 months shepherding in the North Island, before coming to Wairere as a shepherd two years ago. She now combines her practical experience at Wairere with a strong skill set for administration. Welcome, Olivia.



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