



Client newsletter
August 2015

Wairere

Surviving and thriving

The climate has dealt as harshly with North Canterbury and Marlborough this autumn and winter as any events that I can recall, comparable to the flood damage, stock, fencing and erosion losses of the 2004 summer in the North Island, or Bola in 1988. It will be a year of double the effort for half the reward in those hard hit areas, but staying positive is the best way to cope. These sorts of major challenges tend to crop up once or twice in a farming lifetime, as history demonstrates.

History Lessons

In April I joined three cousins at the centenary of Gallipoli, remembering a grandfather that none of us met....Colonel Spencer died of typhus in Libya in 1943, after leading No. 2 New Zealand General Hospital in Cairo and the North African desert for three and a half years. He was halfway through a medical degree when he volunteered, arriving on the beach at Gallipoli on April 25th 1915, and attempting to deal with 1,500 casualties the next morning.

Gallipoli was a power play by Britain, France and Russia, seeking to take over the Ottoman Empire, the "sick man of Europe." Why were we involved? A German general, a clever strategist, was in charge of the Turkish forces, and thousands of Germans were employed in training the home forces. It seemed as though commanders took most of WW1 to adjust to the appalling damage caused by sending troops into machine gun crossfire; enemy trenches were as close as eight metres, and hand to hand fighting was brutal. Later in 2015 hundreds of men died of hypothermia, as inadequately clothed and fed troops succumbed to winter blasts, after an unnecessary delay in the decision to retreat. What a mess.

My other grandfather was on the Western Front from 1915. Just recently I have seen, for the first time, a ten page letter which he wrote home from France, detailing three weeks of action in October 1916. Len Daniell's matter of fact correspondence describes the deaths of three mates beside him at different times, the doctor killed by a shrapnel burst ten minutes before several of them stretchered a wounded soldier to the medical station, and the unending mud....where to sleep?

Len returned in 1919, to a Wairere which was fast losing the soil fertility from the ash of the bush burns, and reverting to Manuka. In 1928 he bought a small block of land and leased more on the outskirts of Masterton, and shifted there. In 1930 the Depression struck, just as the fourth of six kids arrived. He was forced to milk cows, and stuck at it, with a town supply herd. He was early into measuring individual cow performance, built an overnight barn around 1960, and cut silage from lucerne stands which persisted for 25



Dr Monty Spencer, died in Africa WWII



Len Daniell, wounded four times, returned to NZ

years. But he had to hang on to Wairere by his fingernails for 21 years, from 1930 to the wool boom in 1951, from age 42 to 63. That's a long time.

My father John resigned as stud stock agent with Wright Stephenson in 1951, to manage Wairere. The local Wrighties manager told him that it was a poor decision, so run down was the property.

Yesterday and Today

Today we are used to things happening quickly....rapidly changing technology, fast movements in prices, quick capital gains. But Wairere was a thirty year development project for my father, much of the first half wasted due to lack of knowledge.

Despite the ups and downs of seasons and prices, we are extremely lucky to live and farm in one of the very few underpopulated countries. New Zealand is too far away for refugee boats, one of the few societies in the world where you can speak your mind about a politician, and as I was reminded by a WW2 veteran some years ago, "At least no bugger's shooting at you."

But there are people being shot at every day, as we enjoy peace in the South Pacific. There were 36 million people displaced by conflict in 2014; a third of the Syrian population, 8 million, have emigrated. And many millions more want to emigrate for economic reasons. The biggest export earner for the Philippines is remittances home, \$US21.5 billion per year. India had 700 million people when I was there in 1980; 35 years later there are 600 million more....frightening.

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What has all this to do with sheep farming?

The world is changing fast. Volatility is a constant. We have witnessed that with the downturn in demand for sheep meat from China. There have been Chinese government initiatives to clear range land because of overgrazing, which has resulted in a flood of sheep meat hitting the market. Also, a clamp down on pollution has led to a closure of factories processing skins, and led to a dramatic drop in pelt and wool skin values. The sanctions against Russia and the reduction in oil revenues has caused a big fall in demand for uggs and wool-skin coats.

The Chinese are a gambling people....Macao is ten times bigger than Las Vegas. An overheated Chinese share market is dropping fast, destroying the ebullience of last year, and political purges are also damaging confidence. China has been on a debt spree, and is now in the "sucking it up" phase.

All the savers in the world are earning a pittance on their deposits; their spending power is vastly reduced. Statistics around global exports/imports show that the wheels of commerce are slowing down.

The positives

Our single biggest price support going forwards is the reduced value of the NZ dollar. The other major farm gate price support will come from the reduced supply of sheep meat out of Australasia. I have seen no official forecast around export lamb numbers for 2015-16, but reduced ewe numbers, poor scanning results, lower body condition score in ewes reducing lamb survival, and only half the ewe hoggets mated, could drop the export tally by two to three million. There have to be beneficial effects on farm gate lamb and mutton prices some time in 2016, as the supply/demand balance finds a new level.

Change is in the air

In June Chris and I travelled with a group of Kiwi farmers in the Northern Territory, checking out some farms and attending the Platinum Primary Producers conference, the brainchild of Shane McManaway of Allflex. One of the speakers at the conference was Michael Jamieson. Michael was one of the architects of Icebreaker's success, and had periods of living offshore, or travelling extensively to market two other well known brands. Michael believes that there is an exciting future via internet direct sale and distribution of meat, and other NZ products, to households. The Chinese have adapted much faster to this channel than western markets. This promises to be the best way to earn a greater proportion of the consumer price.

Michael is currently with MPI, attempting to steer this project past the entrenched bureaucracy. He needs support.

The other angle being pursued by some of the processors is developing brands with guaranteed eating quality. While travelling around the UK in July I ordered a local lamb dish in Yorkshire. You can see from the photo the atrocious amount of wasted fat on the cutlets! What it highlights is that there is still a huge variation in percentage of cuts

available to be eaten, let alone tenderness. Our overarching New Zealand lamb brand covers the range from fast grown POM to low yielding lambs killed during droughts, to slow growing old lambs which suffered checks when young. Taste panels with New Zealand lamb have concluded that only 70 percent is very acceptable. There is room to differentiate and establish sustainable premiums.



English lamb with excess fat at a restaurant in the UK.

Live ship

I had the good fortune to meet Hamood Al-Khalifa a few months ago. Hamood is the largest importer of live sheep into Saudi Arabia, with around 8 million per year from Sudan and 7.5 million from Somalia. Hamood was invited to New Zealand in the 1990s, along with several other Saudi importers, to create a market for exporting live sheep, and thus help to lift farm gate price. He bought a couple of farms in Hawkes Bay and established a feedlot. Then, in 2003, the government pulled the rug out, banning live ship. A few years later the New Zealand government sent a large delegation to Saudi, expecting to sign a free trade agreement. The delegation returned home empty handed....had the New Zealanders forgotten how they had treated Saudi citizens, invited to start business in our country? That's the story behind the scenes....As an aside, there are cruise lines which typically have 2.5 percent per year of average passenger load die at sea each year. What about human welfare?

Down on the farm

It has been an awkward season at Wairere. Carrying a lot of stock through the summer resulted in low autumn covers. Some stock are being grazed off temporarily, reducing our load to 620kg live weight per hectare, around 15-20 percent down on normal. The scan was only 170 (add 6 percent for triplets) with a late ET program costing us around 1.2 percent, plus hidden losses in later lambs....a prod around the importance of timing. But ram hoggets are looking great, and 2,646 ewe hoggets have just scanned 116 percent.

The relative lack of rain though, has enhanced pasture utilisation, and non saturated soils have stayed warmer.... the opposite to the Deep South, where waterlogged soils have got cold, and pugging has become a major issue. But spring will eventually come.

Other Wairere flocks have remained consistent with the season, scanning slightly down, but still in the money zone.

Facial eczema resilience

It was pleasing this year to get 32 out of 50 ram lambs pass the dose rate of .4 sporidesmin. The flock continues to perform well, with a scan of 177 percent for a mid August start to lambing.

The Wairere team attended the FE Gold meeting at Craig Alexander's farm in the Waikato, en route to the National Field Days. It was a reminder of the valuable work which has been put in by the early ram breeders, after suffering horrendous sheep losses in the early 1980s. It was also a reminder that Wairere is playing a valuable part in multiplying and outcrossing those foundation genetics, to give greater genetic diversity.

Another lesson was the power of the media. The Alexander family persuaded Peter Jackson to keep the film set of Hobbiton after the film was completed. This summer it was frequently stretched to its capacity of 3,000 visitors per day. With an average spend of over \$100 each, you can do the maths. Farming people is the way to go.

Breeding values

Ram breeders have to be wary about BVs, breeding values. I remember vividly visiting a Coopworth stud around fifteen years ago. The ewes lacked the thrift factor, and had lank, strong wool. It was obvious that they had been selected using the Lean Growth Index and high fleece weight breeding values, popular in the 1990s. It took an outcross to another breed for that stud to create saleable rams. SIL has recently dropped the penalty on fat with eye muscle scanning data; only one percent of New Zealand lambs go over fat, so it's not a national problem. Wairere has never penalised fat. In the late 1980s, when wool was king, we did briefly select ewe hoggets on fleece weight. But two years of doing that resulted in keeping a few inferior constitution animals, which provoked the decision to favour robust animals over wool weight.

CHANGES with SIL. Sheep Improvement Ltd is in the process of making changes to calculations of indexes. In the past, for example, any young ewe screened into the recorded flock was assumed by the computer program to have the base productivity of a 1995 born lamb! This has created massive bias against Wairere, where we have routinely screened in some of the two tooth ewes since 1967.

Big is beautiful?

The latest SIL BV is around ewe live weight, with an increasing penalty for heavier than average ewes. The logic is persuasive....why not have a 55kg ewe producing two 18kg carcass weight lambs at weaning? But analysis of farm data shows a different picture.

Three examples:

1. A trial at the Poukawa Research Station demonstrated the greater profitability of East Friesian/Romney ewes over other crosses; most of their lambs were prime by November, and gone. The advantage was 120 percent of the other ewes, reducing to 104 after adjusting for live weight.
2. Tom Bull, the largest supplier of composite rams in Australia, finds that ewes weighing 75-78kg, lambed in June/July, deliver 22kg carcass weight lambs by the end of November. After that date the cost of feed rises steeply into the very dry summer. He has also found that some of the top ranking Rams on SILAce are too lean for Australian conditions.

3. Abacus Bio have recently analysed results of farmers in dry land Otago. The best performers had ewes at 78-80kg, an embarrassing find for the researchers. And the summer safe flocks with the best profits had ewes averaging over 70kg.

Question: how much do we ping bigger ewes? How do we compare 18 month two tooth weights at Wairere, when some ewes have reared two lambs as hoggets, some have reared one, and some have reared none?

Comment: while the input into animal genetics by Beef and Lamb is commendable, there is even more scope to make dramatic advances with pasture. We are still grazing the descendants of the browntop seeds planted after the bush burns of the 1880s, and trying to compete with GM cotton.

Looking after girls

Trevor Cook tells an intriguing story about monitoring the BCS (body condition score) of ewes. In 2010, that year when the national lambing took a big hit, there were high performing farmers in the Manawatu region typically lambing 100 percent, compared to a normal 140. A poor autumn had resulted in under feeding of ewes through the winter; poor colostrum production and light lambs born resulted in low survival rates. By contrast, Trevor encouraged the Manawatu Monitor Farmer to regularly check BCS, with 93 percent going into lambing at 3+. The Monitor Farmer lambed 135 percent, well above a previous best of 120....and right against the seasonal trend.



Ewes and lambs at the Wairere UK field day, 26th June.

Research

Dayanne Almeida started with the Wairere team last October, after five years with the One Stop Ram Shop. Dayanne comes from Brazil, and has a company there dedicated to improving sheep productivity. She is engaged in a Master of Agricultural Science at Massey. One of her research projects is comparing methods of measuring yield. There are three systems out there: the Viascan at Alliance, x-Ray analysis at Silver Fern, and actual measurement of saleable cuts at Progressive Meats. Yield also needs to be coupled with eating quality; there is a conflict as carcasses become leaner and with higher meat to bone and fat ratio. We look forward to the results of Dayanne's analysis.

Fighting back

Last financial year worked out at or above budget for the ram clients which we have spoken to. The year ahead will be more difficult, with many down on stock numbers, and down on potential lamb crop. Taking a lesson from rugby, the best teams have strong defence, and can turn defence into attack rapidly. "Cost of production explains 70 percent of profit." The turn around at Air New Zealand went through

three phases....mad/sad/glad. It is frustrating when events out of left field, like the ructions in the Chinese sheep scene, disrupt international markets, but the overall balance of the global sheep market is more sound than the dairy scene. Commentators keep expecting that "everything will return to normal" with dairy product prices, but will they?

Surviving and thriving

Andrew Gould, North Canterbury, a good news story: "Last spring was off to a great start, with 144 percent docked. The thousand old girls, lambed a month earlier, drafted 73 percent POM at 16.9kg, to a terminal. And the two toothies weaned 34kg average lambs. The goal was to finish everything, but a thousand out of 5,620 lambs (including 650 ex hoggets) had to be sold store in March, as the drought closed off options.

The property is 1,600 hectares, 1050 hard hill, 70 irrigated (180 as of March 1 this year), 370 downs. As the drought intensified, we changed plans from wintering weaners on fodder beet, a 28 tonne crop, to selling them and wintering ewes on the crop. The 25 hectares set aside for wintering dairy cows reduced to 20, with lower



demand, which gave another 5 hectares for the sheep. The two day breaks, and listening to the advice of researcher Jim Gibbs, made the job go smoothly. The net result is that we have retained our capital stock 3,348 Romney ewes, scanning 165 percent (4 percent better than last year), and the 1,100 hoggets 97 percent. Most of the ewes were mated on the hill, without supplement, and weighed 70kg when we set stocked on 14th August. The wintering on fodder beet made this possible. The hoggets are currently on the beet, and may have to lamb on it with a grass break. The 140 beef cows are still on board, so it is only the lack of trading stock which will affect this coming year's income. From now on our system will allow many more options, with the 150 percent increase in irrigated area."

Andrew's use of fodder beet reflects the experience of many top farmers this year. Even dry land crops in the teeth of the drought have yielded around 10-15t/hectare, and made a big contribution to feeding capital stock.

Steve and Linda Gallagher, South Canterbury. Steve; "I was going to retire when I reached a goal of 5,000 lambs" but with the Waireres I managed to achieve this much earlier than anticipated.

This happened in 2005 when we lambed 165% to sale. The following two years this result was repeated. In 2009 we downsized by 1000 ewes and had no hoggets. This gave us the opportunity to do our first big OE.

When we returned we introduced the Inverdale gene to the entire Wairere flock.



Steve moving his tripleting ewes six km per day to a crop, "to keep them fit".

Our scanning lifted to 200%+ but only had minimal increase in lamb numbers. Management had to change to capitalise on increased scanning. Last year the 215% scanning resulted in 181% survival to sale or retained. After one cross of the Inverdale gene we are now using totally Wairere Rams.

We made the mistake of buying silage to hold onto a good sale line of 1000 ewe lambs, then the drought put paid to any demand in the autumn. Holding on was a mistake with an average lamb price of \$67, compared to an average of \$97 from 162% the year before. I put the ewes on a feed pad with silage and palm kernel, then flushed with grass two weeks before tupping. The net result was 240% from MA ewes, 195% from the 2ths (not bad considering they lambed as hoggets) scanned and 115% out of this year's hoggets.

The super high lambing percentages are all very well, but a lot of work with 87 quads and 1100 triplets. Let's hope the spring weather is kind to us!!!

Richard and William Brewer, Hawera, Taranaki. "We run a diverse operation, with sheep, milking cows, maize and beef. Although we farm in the shadow of the Wharetoa milk factory, 2,300 sheep are run on the hill country as a sustainable farming operation on our deep volcanic top soils. There are soils in our area which are being gradually destroyed by cows or many years of continuous cultivation for maize. We bought a new property and Wairere ewes in 1988, and have continued with Wairere Romneys, and more recently the Wairere Challengers, to protect against FE. The ewes average 170 percent scanned and 145 percent docked, from an August lambing.

We've been involved in Richard Redmayne's Coastal Spring Lamb program for the last five years. The first draft goes at 18kg around 10th November, and we then do regular drafts of 1,200 lambs total, to end of January, when the program ends. There is a supply premium, and it is a great feeling to be part of a well recognised local brand, which includes online ordering and delivery. After January our lamb sales depend on the season, with drafts up to 21kg carcass weight. The good growth rate of the Wairere lambs helps us to run a stocking rate of 15-17 stock units/hectare." www.coastalspringlamb.co.nz

Hats off to **Richard Redmayne**, who has been successful in an area notorious for failure. Johnny Eastwick of BoomRock told me that he'd set up meat packs with the BoomRock brand, using lamb and beef from his own farm, despite a branding expert showing him a long list of companies which had tried and failed. Johnny thought that BoomRock had a captive market, but soon came to the conclusion that there was more margin to be made from the sale of one lady's handbag than there was from a tonne of meat!

Here's hoping for a bumper spring, from Derek and the Wairere team.

Derek



Richard and William Brewer

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