



Client newsletter
January 2016

Wairere

What does the future hold?



2,500 ewe lambs at Wairere, 29th January 2015. Running ewe lambs and ram lambs in large mobs is a Wairere tradition, but is it good management?

2016 has started with a very welcome summer rain! Let's hope that positive note transfers to farm gate prices in the near future. The spring of 2015 has been a horror story for store lamb sellers. Finishers will make handsome margins, and processors are making up for lost profits over the past four years. But what is the medium term outlook for breeders?

Lamb prices. The biggest disappointment over the past twelve months has been the low farm gate price for lamb and mutton, despite the significant drop in the "dairy dollar". The current price level demonstrates the importance of the Chinese market for sheep meat.

In China, sheep meat and goat meat are lumped together as "yang rao". It is estimated that there are around 140 million of each species, 280 million, ten times New Zealand's sheep population. The animal census takes place right through the year though, so who knows whether those tallies are equivalent to our census, taken mid winter? But production of around 4 million tonnes annually equates to approximately 13-14kg carcass weight of lamb and mutton per sheep/goat, compared to New Zealand at around 16kg. It is reported that an extra five percent of yang rao was killed in China in 2015, but that is 200,000 tonnes, and has created full freezers and over supply.

When will that imbalance correct itself? A wish for a super cold northern winter, and the need for eating fat to keep warm, is not happening! In conclusion, it is difficult to track Chinese production, and at nearly ten times New Zealand's output of sheep meat, it is obviously of critical importance to us.

The UK has had its best sheep production season since 2008, and its lowest farm gate lamb price in 15 years. But every sector in British agriculture is under pressure. Feed wheat is fetching less than a hundred pounds per tonne, or around \$NZ230/t. New Zealand producers have been used to getting \$400-500/t. Dairy farmers are getting 18p/litre, with costs at 25p/litre (and were getting 27p/litre in 1991, when a 16kg NZ lamb was fetching \$30 at an exchange rate of 28p to the dollar; today we are getting around \$90 at an exchange rate of 46p to the dollar). Einstein's General Theory of Relativity is seldom discussed in our every day lives, but relativity with a small *r* is critical to long term success. "There is no absolute to productivity, only relativity to competitors and substitutes."

Australia is our biggest competitor. A group of 35 prime lamb producers from Victoria visited Wairere at the end of September. With a lower cost structure than ours, they commented that a target price of \$A5/kg works for them. The trend away from wool farming and Merinos, and the easy initial gains available in lambing percentage and carcass weight, means that Australia will produce more sheep meat as New Zealand's production trends down. Australia has the advantage of a large domestic market, taking around 45 percent of the kill. Their domestic market plays the role that the EU quota plays for us. But, it has the advantage of now being more prosperous than Europe, and takes fresh lamb, avoiding much of the \$25 cost per lamb of shipping and refrigeration to Europe.

In April 2015, Wairere purchased 270 hectares, four hours west of Melbourne, as a base for ram sales. This followed ten years of air freighting around 900 Rams, with high

0800 Wairere (0800 924 7373)

costs and a tedious quarantine process. Our first draft of 467 commercial lambs were killed in mid December; at 21.6kg; the price was \$A5.50/kg, plus \$9.71 for the wool skins, resulting in a net return of \$A119.54, \$NZ127.17, or \$NZ5.89/kg.

Some hope

One significant change this season has been the adoption, according to the rumour mill, by all NZ processors of a kill and sell(or pre sell) policy. This means that there is no build up of inventory onshore. In turn that could lead to a rapid



Are prices going to go north or south?

escalation of prices when the pipeline slows down.

The newsletter Market Insight calculates a Procurement Indicator each week. The second full week of January has the schedule at just 55.1 percent of estimated average lamb export price, well below the 65.3 percent of the same week last year. The inference is that processor/marketers are making big margins right now.

A shortage in the pipeline some time soon could quickly translate into a stronger schedule.

Substitutes

A restaurant menu in the rich world today offers a smorgasbord fit for royalty....the choice ranges from scallops to salmon, from pork to chicken, from vegetarian to kilo killers, from beef to lamb. How can lamb stand out in the crowd better than it does today? In recent times, several NZ processors have devoted research capacity to taste panels. What is the right balance between fat and lean? and does that correlate closely to the ideal body composition for breeding ewes to unlock optimum productivity, but with the constitution to handle poor seasons?

Global grain harvests have been bountiful over the past several years, so feed costs for intensive animal production systems have been low. Lamb has had to compete against low priced pork, poultry and farmed fish. World grain reserves will need a setback from poor yields before this situation changes.

The seasons, always changing

The North Island east coast got lucky with the big September storm. El Niño had created nine dry months, from mid December 2014. Some areas had 400-600mm during that storm, and suffered big lamb losses, as well as erosion and damage to infrastructure, but other areas benefitted hugely from that top up in early spring. Graham Tulloch, a Wairarapa veteran of more than sixty years of grass harvesting, commented that pasture growth is always better after a dry winter, owing to less compaction by stock, lack of waterlogged soils, and warmer soil temperatures.

Every farmer should have a rain gauge. It is the simplest and easiest monitoring tool available. Wairere has sent rainfall data to the Met Office since 1952. It is fascinating to read the seasons over that 63 year time span, and to realise that there have always been extremes from time to time.

Good news with wool

You may have noticed an article in the November issue of Countrywide about George Dias's research project



Ewe hogget and lamb looking across to a hogget lambing paddock. The boundary fence runs across the slope, demonstrating the natural reversion to Manuka of this sandstone country.

at Otago University, converting wool to a powder. This transformation opens up a huge range of new end uses:

- a high protein sports drink, competing products being soy extract costing \$20-22/kg, or casein extract at \$28-30/kg.
- extrusion to a finer fibre, even five micron, possible value of \$80/kg.
- a base for cosmetics.

The conversion process costs around \$5/kg; fibre length and micron are unimportant. There are plans to build a full scale manufacturing facility within the next twelve to eighteen months. This is the most exciting prospect for



Ram lambs 12th December, 90 days old. Wairere Romneys are good wool growers.

wool in many decades.

Imagine a scenario where wool is earning \$10/kg at the farm gate?

Research at wairere

In 2016 we will have a full time researcher mining the huge data bank accumulated at Wairere over the years.

Dayanne Almeida will focus her Master of Agricultural Science thesis on Body Condition Score of ewes and hoggets, measured four times per year, and its effect on productivity. The thesis will cover many aspects of productivity, and benefit from collaboration with potential partners:

1. Ewe efficiency, kg product/hectare.



Dayanne, but not a Wairere lamb!

2. Ewe survival, lamb survival.
3. Hogget lambing: scanning index and rearing index.
4. Triplet survival and growth.
5. Site summaries: why do outside sires perform poorly at Wairere?
6. Eating quality, taste testing with Alliance, and possibly the Kumanu brand.
7. Yield; which system provides the most useful information, and how does it correlate to eating quality?
8. Less work: bare breech and its correlation with more productive sheep?
9. Structural soundness, likely to involve veterinarian Sara Sutherland of KeinzleyAgvet and her FITT project.



Dayanne condition scoring every ewe at weaning. Jacques weighs each ewe, and lambs were split male/female, and in/out, depending on birth/rearing rank, and dam's record.

Dayanne moved to New Zealand from Brazil in 2009. She had five years with the One Stop Ram Shop before joining Wairere fifteen months ago.

Lamb weights

It had been some years since we had sample weighed lambs at birth. The results were similar, but intriguing:

	Singles:		Twins:		Triplets:	
	Kg	Range	Kg	Range	Kg	Range
Mixed age ewes	6.6	5-8	5.6	4.8-7	4.6	4-5
Two tooth ewes	6.2	4-7.1	5.1	4.2-6.1		
Hoggets	4.3	3-7	3.6	2.5-5.5		

Observations: Wairere lambs are born heavier than the conventional figure of 4 or 4.5kg assumed as an average birth weight. An extra kilo at birth translates to an extra 2kg at weaning. There is a lot of attention paid to curve benders in cattle, bulls which have low birth weight calves, but grow fast. No one seems to consider the alternative....

better grown females with bigger pelvic openings capable of giving birth easily to large calves or lambs!

The low birth weight of hogget twins gives the clue to their poorer survival than twins from older ewes. The solution? Hoggets benefit greatly from a mating weight around 50kg, rather than the minimal 40.

Impressive

When the going gets tough, the tough get going. It has been truly impressive to me how Wairere clients have handled very difficult conditions over the past fifteen months, ranging from the long running drought in parts of the South Island to the massive flooding, lambing storm, and erosion damage in parts of the North Island.

Ram selling in November always turns up some inspirational stories. Two examples: James Watherston from North Canterbury, who tailed 154 percent from a drought affected 166 scan. And Pax Leetch from northwest Nelson, who tailed 166 from a scan of 182. Both James and Pax farm Romneys. Pax has taken over management of Peter Miller's flock, and 35 years of Wairere breeding, and is engaged to Ellie Miller. He is typical of the new generation of sheep farmers, lifting productivity to a new level.

The Grasslands Association held its annual conference in November. I was asked to present on "Optimising productivity in uncultivable hill country." I explained that, having experimented with "spray and pray", hoof and tooth plus reseeding, and chemical topping, Wairere has resorted to "telephone farming"... ring the aeroplane, use nitrogen to fill feed deficits, and use the flexible farm boundary. However, the young guns in the Wairarapa are going far beyond this old fashioned approach. They are achieving impressive results from plantain and clover, or red clover, transforming from selling store to selling prime, and/or growing out ewe lambs better, with less competition to good feeding of ewes.

High octane pastures allow early weaning (50 to 70 days), with weaned lambs growing fast, and old ewes sold earlier, freeing up space for better feeding of other stock. George Tatham and manager/shareholder Tom Bowie, farming on the Wairarapa coast, adopted a 70 day weaning policy this season. With more than 350 hectares in plantain/clover on Matariki, there is room for weaned lambs, plus twinning hoggets.

Matariki is the home of the Wairere Multiplier and Tufguy flocks. Those lambs were weaned at 70 days and weighed at 100 days. All ram lambs retained for sale were reared as twins; the Multiplier twins averaged 42kg, the Tufguy twins 41kg!

Better

"Better" is the title of a book which is required reading for third year medical students, recommended to me by ram client Derek Neal. It details how dedicated and observant doctors have improved the treatment of certain diseases such as cystic fibrosis. These treatments don't involve wonder drugs. Instead they have evolved from intense study of patients, and experimenting with ways in which the patients can help themselves via exercise, diet, etc.

This approach is exactly what top farmers do. They observe, then

experiment, then vary the approach....gradually improving. This level of R and D goes under the radar of official reporting for international comparisons of research and development, yet is the main reason that NZ agriculture has an annual productivity improvement of 3-4 percent, well ahead of most sectors in the economy. Keep up the good work!

Six expensive words "We've always done it this way."

A change of note

Our wonderful office manager of the past ten years, Lynette Towler, has retired to Masterton. We miss her! But Hannah Meulinbrock, wife of new fencer-general Rob, has had a seamless transition to the office manager role. Hannah can be contacted at the same telephone number 06 372 5757 or email hannah@wairererams.co.nz.



Ewes waking up at Wairere to a New Year in 2016



Self explanatory. You're buying genetics from the right place.

PS: If you need rams, please telephone Andrew on 0800 924 7373 or email: andrew@wairererams.co.nz

Here's hoping that 2016 is the beginning of a new upsurge in product prices and better seasonal conditions.

Best wishes from Derek and the Wairere team.

Contact Details:

Hannah/Office:
Phone: (06) 3725757
Fax: (06) 3771264
Email: admin@wairererams.co.nz

0800 Wairere (0800 924 7373)

Andrew: Ph: (06) 377 0660
Mob: 021 222 5100
Derek: Ph: (06) 377 2077
Mob: 021 751 163

Simon: Ph: (06) 372 5560
Jacques: Ph: (06) 3725 970

Design and print
by Printcraft,
Masterton
0800 774 683