



Client newsletter
January 2018

Wairere

Heart breaker



Part of a line of 104 rams heading to Bayly blocks Okare and Tangihau, at Wairoa and Gisborne.

It's mid December as I write this, and that elusive rainbow and pot of gold is disappearing into the heat haze. Just as the stage seemed set for a good year for sheep farmers, the (woollen) carpet has been pulled out from under our feet. It's so disappointing. Many of our clients have had a record lambing, mostly a tribute to ever improving management skills, and some contribution from improving genetic potential. Top sheep management requires a deep understanding of the nuances of weather/pasture/animal interactions. But then the outcome can be derailed by the climate. No other First World economy is so dependent on rainfall.

How to handle a poor spring?

Is there any way that we can protect our production systems from early drought? In Australia, most sheep farmers lamb in the middle of winter. In drier parts of Australia they lamb in April, with most of the lambs gone by October. These systems necessitate a lower stocking rate. In many parts of New Zealand, earlier lambing has been proven less profitable than lambing in the spring when the pasture growth curve responds to higher spring temperatures.

So we are left with farming to an average season, and taking a knock when the weather doesn't play ball. Having a higher component of trading stock, whether sheep or cattle, is the most common way to cope with seasonal variation. And earlier weaning is becoming more accepted as a management tool. To quote Trevor Cook, "A lamb is a full ruminant at eight weeks of age. It's all about feed quality from eight weeks, which drives the weight gain of lambs. Ewe lactation performance after 56 days has a much reduced influence on weaning weight. Fifty percent of total milk is produced in the first four weeks of lactation. The

lamb gets immune response from it's mother's milk, so a pre-wean drench can be knocked off the to-do list.

Regardless of BCS (body condition score), weaned ewes will eat fifty percent less. In an average or good spring, many farmers wean at 90-100 days average lamb age in order to control the spring pasture surplus. But in a poor spring, lambs on ewes with little milk will be growing



Early weaning was the best option at Wairere, despite poor store lamb prices. The international market remains strong, with farm gate lamb price in Australia due to rise between Christmas and New Year to \$A7/kg plus woolskin (usually ranges from 20 to 70 cents per kg).

below potential. The ewes with little milk will include those rearing triplets, mixed age ewes more than 90 days into lactation, two tooth ewes after 80 days, and ewe hoggets after 70 days. For example, if the mean hogget lambing date is October 15, then hoggets can be weaned just before Christmas".

0800 Wairere (0800 924 7373)

The other distinctive factor of the top five percent of farmers is better timing. Do you keep your own rain gauge? Do you gather information on seasonal conditions in other parts of New Zealand? Selling a week or two earlier, before the mainstream take action, can make a huge difference to per kilo returns.

Is there a breeding solution?

On the genetics front, Wairere has always had maximum selection emphasis on twins which grow the fastest. And we have never penalised fat. And we have never selected small rams. "Big is beautiful". The scientists may not agree, but then they get it wrong some of the time. A case in point was the Lean Growth Index, introduced into Animalplan in the 1990s. That turned into a disaster for the ram breeders who used it as a selection tool. Their ewes became slow to recover condition after weaning, and scanning percentages dropped by 10-15 (personal observation from veteran scanner Rowan Farmer).

The faster that lambs get to sale weight the better. This was well proven in the Poukawa breed trial near Hastings. The progeny of the East Friesian/Romney ewes were mostly up to slaughter weight in November, so earned twenty percent more revenue than the other breed crosses. It may be that the average New Zealand slaughter weight for lamb continues to hover around 18.5kg rather than increasing to 20kg, but mature size will determine the potential for early growth.

Maternal versus terminal



Ross Bergius, John Wallace, Fergus Templeton from Tokanui/Mokoreta. All had docking percentages around 158% this spring.

It has been a long held goal at Wairere to breed maternal sheep which grow as fast as terminal crosses, or are more profitable. The gap is narrow, and sometimes favours the maternal, especially if lamb survival at birth, and the potential of a premium from surplus maternal ewe lambs is taken into account.

If sixty percent of lambs slaughtered each year are by maternal sires, and the remaining forty percent have half maternal genetics, then

"80 percent of the genetics affecting the value of slaughter lambs come from maternal rams".

Eating quality

The recent launch of the Te Mana lamb brand has stimulated discussion around IMF (intramuscular fat) and Omega 3. It is difficult to determine though, the percentage effect from sheep genetics versus the effect from lambs grazing high

octane forage, chicory and clover being the favoured feed post weaning.

Australian processors favour a much fatter carcass than would be acceptable under the New Zealand grading system. This is because around 43 percent is consumed domestically, and fresh lamb has better tenderness and taste with more body fat. Hill country lamb can have IMF as low as one percent, especially in the late summer/autumn, when the digestibility of old pastures declines. But processor companies which are exporting chilled lamb say that they have only positive feedback re taste and tenderness, with product ageing during shipping around the world.

How to add value?

The value of lamb is steadily being enhanced, as what used to be regarded as secondary cuts are now being presented as signature dishes. The early mover was shanks, but dishes using shoulders, for example, have recently emerged as new favourites, with slow cook methods creating the difference.

But it's not just the meat which is achieving a better all round premium. The Global Animal Partnership (GAP) is a nonprofit which seeks to promote the welfare of farmed animals by rating the welfare standards of various farmed animal products. Whole Foods Market, a high end USA supermarket retailer, set up GAP as an independent operation. The outcome is that premiums can be obtained for some coproducts as well. This is all new ground for NZ lamb, and promises a brighter future.

Market at a new level?

Average Export Values (AEVs) for lamb peaked in October at \$10.20/kg, just 37 cents lower than the record achieved in 2011. Yet prices are holding well, despite bigger than normal weekly kill numbers in Australia over the past five months. Couple this with the high price for mutton through the second half of the year, and the enduring strength of beef prices since 2014, and it appears that red meat is now more appreciated around the world. There are parallels with some other natural products such as butter, where decades of bad press have been overturned by a realisation that the manufactured alternative isn't as healthy as the experts used to say.

Australian sheep farmers have been on a hot streak for some years. This was reflected in recent sales of ewe lambs. At Narracorte, South Australia, in November, the lowest price for a pen was \$A230, the highest \$A327 per head. These lambs would be five to seven months old. The high cost of buying in replacements, usually first cross Border Leicester/Merinos, is encouraging a move to self replacing flocks. Some auction sales of ram lamb sires have averaged \$A2,000 plus this spring.

Historical perspective

In June 2017 I visited ram client Frank Langrish on the Romney Marsh. He showed me the ruins of a castle which had been built around the year 1535 by King Henry the Eighth, to protect England against French invasion. The sea level had been rising for 600 years. Frank pointed to a village on a nearby ridge, saying that the ancestors had to abandon a village because of rising sea level, now two kilometres beyond the current shoreline. From 1600 to 1960 there was a "mini ice age" and the sea level dropped, with the castle now



Frank Langrish beside his castle on Romney Marsh.

four metres above the current high tide mark.

Our ancestors have had to cope with volatility, so will we.

At Wairere, daily rainfall figures have been sent to NIWA for 65 years. On average, one year in three has a prolonged dry period. Average rainfall is 1125mm, but winter wet/ summer dry and a high wind run, accompanied by a high stocking rate(usually 750kg plus live weight per hectare at June 30th), create pressure points in most seasons. Extremes include the six months October-March 1977-78, with 148mm, and September-February 1972-73, with 180mm.

A Cook's tour

Veterinarian Trevor Cook has been travelling the world for some years, advising on sheep farming from a New Zealand perspective. "I'm lucky to go overseas frequently, and see what's happening out there. Most of my consultancy time has been in France and Scotland. There is a strong mood for change, especially as cereal farmers have had low crop prices for years, and soils are becoming biologically inactive[Andrew Puddy has noted that birds in the UK don't follow a tractor ploughing now, as they used to 40-50 years ago....there's nothing to eat].

The 'revolution' is the trend away from housing animals in buildings, and wintering them outdoors instead. Farmers are rediscovering the value of winter crops, such as fodder beet. Pastures have been transformed by year round rotational grazing, and that is enabling an increase in stocking rate. These changes make for a big reduction in feed costs.

There is a growing interest in New Zealand genetics, cattle as well as sheep, for animals

which are hardy and thrive outdoors. Wairere Romneys are getting a profile, as are 'Easycare' sheep which shed their wool."



Trevor Cook

Looking ahead

The high works price for ewes has encouraged many farmers to quit cast for age ewes early, rather than waiting for the January sales. If the climate relents, there will be a hot market

for breeding stock in the New Year. Or, that hot market might be deferred until next season. A lot will depend on summer/ autumn rain. But pasture recovery in those areas which have already gone brown won't happen until the autumn, if at all. There will be a premium on grazing for cattle too. Next winter may not be easy.

And land prices are starting to beat a retreat, apart from a few dress circle properties. This early drought could force more farms onto the market over the next twelve months.

Planning positive

We all need to continue to focus on kg/hectare, \$/kg, and costs. Do you know your numbers for these three vital aspects of your business?

The company MyFarm published a booklet recently, outlining the composition of a sheep and beef farm investment, at that time calculated to be \$42.83 per kg of production(carass weight of meat plus wool). Of that figure, 86 percent of the value was in land, 12 percent in livestock, and 2 percent in plant and working capital. The booklet went on to say that key features of MyFarm management systems are a) few stock classes b) a strong genetic base c) capital development to raise quantity and quality of feed available d) regular monitoring e) certainty of income through forward supply contracts.

Success stories

Matt and Marcus Totman, Taihape. Brothers Matt and Marcus have consistently lambd around 160% over the

past three years. "We farmed composites for a number of years, and went to Wairere Romney for a change, looking to inject better constitution, better feet, and a more even flock. We started to breed back to composite rams,

but were starting to encounter the same problems. The Romneys are producing so well that we don't need to cross back. Hogget lambing is down slightly, but at 86 percent average, the overall package from the Wairere Romney delivers the goods.

We are also lucky to have father Andrew still part of the team; he is busy with tractor work in the spring, sowing feed crops on 3-400 hectares around the district as well as here.



Matt(right) and Marcus Totman with their team of helpers.

Totman Lambing records

Year	2017	2016	2015
Lambing % to the Ram	164	159	160
Total lamb numbers	8639	8514	8692
Ewes Set Stocked	4275*	4363	4459
Hoggets to Ram (all hoggets Mated)	1360	1337	1425
Lambing % to the Ram	88	85	85

* 122 Late lambing ewes sold in lamb

Feed crops allow us to finish these high percentages early in the season. We kill as many as possible POM, 1,400 this season before mid December at 16.5kg and \$116. And we

have contracts for 3,300 January-March, with a guaranteed minimum, and a premium over schedule.

The farm is well balanced, with around a quarter cultivable, which helps us grow out our ewe lambs well."

Lyndon Chittock, West Otago. "I'm a maverick in this area, using the Wairere Multiplier composite to supercharge productivity on a base of Wairere Romney. The results have been outstanding. My rising two toothers are 68kg now, mid December. They've got big back ends and a big frame. My lambs averaged 22kg last season. I run 1950 ewes, 500 hoggets and a few rams on 168 hectares. I'm about halfway with having first cross Multiplier/Wairere ewes. The two toothers scanned 194% this year, and the flock lambed 157. I also buy in 1,000-1,500 store lambs each year and finish them, targeting a \$25 plus margin.

Around thirty percent of the farm is in short rotation ryegrasses, and I apply N fertiliser with a bike from time to

time, a trick that I learned at a Wairere field day at Five Rivers ten years ago. My wife, Jaime, runs a hair salon and spa in Gore, with thirteen staff, so that's a big contribution to family finances.

When people ask me about Waireres, I say the two standout features are that they are such good mothers, and that they can take a hard knock and bounce back."



Lydah, Jaime, Lyndon and Taysha Chittock

The Blame Game

Farming in New Zealand is being treated as a scapegoat for water quality and climate change. Urban people and politicians need to understand land use change and farming better. That prompted me to write some opinion pieces before the recent election. Here is a summary... It's time to present our case in a better light.

80 Percent of towns and cities are non compliant with water quality regulations.

Estimated cost to meet regulations? \$7 Billion.

You can swim safely in the Waikato river upstream of Hamilton, but not below, according to an ex-mayor of that city.

A recent exposee in the Dominion Post revealed that the streams around Wellington city are largely devoid of life, because of urban pollution.

\$7 Billion?

Much of the animal farming around the world is done in a feedlot situation: pigs, chickens, farmed fish, most of the dairy cows, some beef cattle. It's more efficient for purposes of feeding and effluent disposal.

Cities are people feedlots. Cities have the same advantages as animal feedlots for concentrated supply lines of food and water, and also for effluent disposal. But the concentration of effluent, and other rubbish, requires expensive solutions. When is urban New Zealand going to get serious about tackling the \$7 billion makeover of non compliant waste water systems?

Are we at the party or are we on the menu?

- What's been happening in New Zealand farming over the past forty years?
- Since 1980 there has been a huge reduction in the number of sheep, down from a peak of 70 million to just 27 million. From 2005 to 2015 total stock units of dairy and beef cattle, sheep and deer dropped 8 percent.
- Each sheep, dairy cow, and beef animal is being farmed more efficiently, on average, with reduced carbon

emissions per unit of product. Pastoral exports earn around \$20 billion, or more than 40 percent of New Zealand's traded total. The prosperity of all New Zealanders is derived mainly from the land and sea, which delivers more than 70 percent of exported product revenue. New Zealanders don't ride on the sheep's back any more, but still ride on the back of agriculture.

- Tourism is touted as an important earner of overseas exchange, but a high percentage of that revenue is needed to offset the money spent by New Zealanders travelling abroad. And tourism produces a huge quantity of GHGs....
- Dairy farmers have spent on average around \$100,000 each on protecting the environment, more than \$100m total.
- Over 3,000 QE2 covenants have been set aside by private landowners, many of them farmers, since 1977. QE2 covenants now total over 180,000 hectares, and there are five hundred more covenants in the pipeline.
- Fish and Game plays holier than thou, yet is responsible for ruining the ecological balance in our rivers and streams with introduced fish species. The organisation is also responsible for introducing Canadian geese, now declared a noxious pest, and for introducing the Mallard duck, which has made the native Grey Duck almost extinct. Fish and Game is still protected by an Act of Parliament. Why?
- Why don't environmental lobby groups target Fish and Game or urban people? They get their funding largely from urban dwellers, and Fish and Game adds to the united attack on relatively defenceless targets like farmers. A proportion of any population enjoys a jihad, the opportunity to force their views on others.

Disappearing land

The Beef and Lamb Economic Service estimate that 35 percent of land has been lost to sheep and beef since 1990. Of that total, 950,000 hectares has been converted to dairying or dairy support, 377,000 hectares went to forestry, a big area was retired to DOC estate, 180,000 hectares has been covenanted to QE2 since 1977 (with more on the way), some poorer hill country reverted to scrub/bush/ weeds, and smaller areas changed to viticulture/horticulture/

lifestyle blocks/Manuka/urban sprawl. Pastoral farming has been reduced to only 40 percent of the land area in New Zealand, from a peak close to 60 percent.

Disappearing animals

The ruminant animal population of New Zealand has shrunk since the Rio Earth Summit in 1990. An estimate that 48 percent of New Zealand's Green House Gas emissions come from ruminant animals is out of date. And it is simply a political ploy that **no offset** for carbon sequestration is allowed under pastoral farming. Yet grazing animals and grassland live in harmony. Pasture grows and sequesters carbon, is eaten by animals and excreted as dung and urine, thereafter to be converted into organic matter enriching the soil. **This is a much more virtuous system** than monoculture cropping, using all manner of herbicides and pesticides to kill competing plants and animals, and using up the organic matter in the soil....how long is such a system sustainable?

Ruminants have been around for millions of years, and the methane gas belched out has been part of a balanced natural cycle long before the planet became "overstocked" with humans using up billions of years of stored energy as oil, coal and natural gas in a brief binge. Our politicians should be extolling the virtues of our pastoral farming systems.

Technology Solutions available

A recently trialled feed additive, Kneve, has shown a reduction of up to 50 percent in methane emissions relative to increased productivity. This additive has the effect of improving the efficiency of the rumen "from 50 to 60 percent", in the words of the leading scientist, and also significantly increases milk value from the same volume of feed. Kneve is manufactured from a low value bioethanol byproduct. The first commercial use is starting in January 2018, with 65,000 cows in Canterbury.

Dr John Baker, the inventor of the Cross Slot drill, claims that if New Zealand universally adopted low disturbance, no-tillage, it would reduce 11% of the total GHGs that the whole of New Zealand emits, and at least a quarter of agriculture's emissions alone.

Too many people?

Meanwhile the human population in New Zealand has grown from 3.5 to 4.8 million, a **37% increase**. It is the increase in the human population which is causing New Zealand to miss its targets on saving the Earth. **Why doesn't new zealand have a population policy?** New Zealand is one of the few uncrowded countries in the world. One estimate has New Zealand's potential human stocking rate at 40 million. Where would you like to see it?

If China's population increased 37 percent, that would be another 500 million people. New Zealand may reach five million in 2020. **What will we think about population density with 20/20 hindsight?**



Shake My Head...

Rural Solutions

- We have to accept that we live in a human modified

environment. Where is the sensible balance between land use and "water purity"?

- New Zealand citizens have done very well economically out of the expansion of dairying. The industry has provided jobs for many people in expanding farming infrastructure and staffing ongoing operations. Fonterra is recognised as the only export oriented New Zealand company of significant international scale. The extra export income allows a more prosperous internal economy for all of us. Never mind that many of us take on a lot of personal debt to build houses which are twice as big as the average house of the 1950s, but housing half the number of people. Is this acceptable waste? Is GDP growth the best measure of the economy, when lots of money is being spent on non - productive assets like housing?
- New Zealand still spends more than it earns. If the critics of dairying are successful in reducing milk exports, will they replace that lost revenue with export businesses of their own?
- The Ballance Farm Environment Awards have been a huge success in creating a competitive spirit among farmers to create best environmental practice on their farms. And all without heavy handed regulation. The winners in 2016, the Sles, are large scale dairy farmers in Canterbury.

Urban Solutions

- Cities and towns seem to have an easier time with delaying on compliance with sewage and storm water regulations. ...Farmers get prosecuted. Imagine Auckland city having to pay a fine of \$20 million....
- Cities and towns on the coast have an easier out: after a flood or accident with sewage water, the councils simply turn a blind eye for several days, and tides and waves will sweep the offending sewage away. Inland towns have a harder time disguising such events. Masterton, a town of 18,000, spent around \$30m recently on renewing sewage ponds. Much of the water is irrigated on farm land during the summer, that grass being cut to feed to cows. But there has been a big improvement at a popular swimming spot, where dodging a floating turd used to be a common hazard.

Get Pragmatic

- How many people swim in rivers anyway? For example, would it be more economic to build ten 50 metre indoor swimming pools in the lower Waikato catchment, than hollow out the local economy by two billion dollars? These pools would provide swimming year round, and cater for many more people.
- New Zealand has more water per head of population than most countries in the world. We can always go upstream to get pure water out of the mountains for cities and towns, if need be. Where is the sweet spot between economics and water purity?

Land Use Change

There has been ongoing change in farming. Large areas have been developed into wine grapes, Kiwi fruit and apple orchards. The structures of these horticultural enterprises are

quite ugly on the landscape. But no one seems to criticise?? These intensive, but highly profitable land uses, often necessitate the use of irrigation, sprays, fertilisers. Are these all good practices in the long term? But almost all modern food production uses one or more of these inputs.

Sustainability is the big buzz word, but no one puts a time on it. Are we talking 100 years, 1,000, 10,000, a million? History demonstrates that civilisations often implode when their agriculture runs into problems: desertification, soil salination, depleted soil fertility. Again, where is the sweet spot between economic productivity and sustainability?

Not only is the 7.4 billion world population dependent on the oil and coal industries for transport and heating/cooling. These natural resources are the raw material for much of our fibre industry/clothing, plastics industry, and fertiliser. Without nitrogen fertilisers, today's farmers would feed only 3 billion people.

Party Time

- The rich world is having a great party! No one wants to go home early from a good party. The "magic carpet rides" of yesteryear's fairy tales are today's reality. The volume of air traffic is increasing every year. New Zealand is one of the top three countries in the world for car ownership per person. We love our mobility. We sail on gaily, assuming that some new and cheap energy source will allow us to party on after oil and coal supply becomes depleted and expensive.

Conclusions

Beware the political power game. There is a reason that more than eighty percent of the countries in the world are ruled by some form of dictatorship. The lust for power is a basic human desire. Creating new taxes fuels greater political power.

The farming fraternity has taken on board the messages about farming systems and water quality. Farmers have already done a lot to mitigate environmental concerns, and more work is ongoing.

Urban voters should be careful not to shoot the hand that feeds them. New Zealand farmers have developed a much greater diversity of products and export destinations over the past fifty years. The economy no longer rides on the sheep's back, but still rides on the back of agriculture. The agricultural sector has had the best productivity growth of any sector. We need an ever growing urban population to contribute more towards the export of goods and services.



All hoggets and lambs were weaned at Wairere by December 15th.

There is no future in widening the urban/rural divide by heavy handed regulation. In this democratic society, the threat of compulsion and the power of public opinion has already created positive and ongoing action towards better water quality.

Plant more trees?

The idea of planting pine trees is just a temporary offset, lasting around thirty years. Do politicians seriously think that plantation forestry with three to four loggings per century is sustainable over a five hundred year period?

Offsetting is just an excuse for poor behaviour.

Attitude change

The current outcome from thirty years of international concern about climate change is mostly wringing of hands, but no behaviour change. As Tony Abbott expressed it, "we are like medieval people sacrificing goats to appease the gods, and the thought police want us to believe in one view of how to save the world." Modern life for the wealthy is so comfortable, with so many options. Who wants to give it up?

What happens when cheap energy from hydrocarbons comes to an end? Will mankind develop alternative clean energy sources to replace oil?

And will there be alternative economic methods of creating nitrogen fertiliser, the key to the world's farmers being able to feed more than three billion people??

In conclusion, farmers in New Zealand deserve the support of our politicians rather than the Blame Game. Our country's **real contribution** to climate change is vastly overstated by current analysis, and farmers' attitude change and response to community opinion should be applauded.

The good old days

Back in the 1960s, when wool was King, Wairarapa farmer Bernie Flynn used to instruct his shearing gang to eye wig just one side when doing a full crutch before lambing. The reason? So that he could sneak up on their blind side and assist with lambing. Anyone feeling nostalgic?

Ram lamb sires will be available in February March.

Call Andrew on 800 924 7373

Thank you for your support, and here's wishing you good summer and autumn rains.

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