



## The breeders' bonanza!



*Early December 2018: Wairere rams waiting for a truck to take them to a sunny destination.*

Father Christmas has given farmers their permanent wish... good prices and a good season at the same time. Ominous signs of an early drought were superseded by the wettest November in many years. At Wairere we sold 189 cows before calving, in late October, a decision which is now haunting us! We have recorded one November wetter, in 1952. Despite all the doom and gloom forecasts about the east coast becoming drier, our rainfall figures (sent to the official meteorological service since 1952) show, over the past thirty years, a trend of increasing annual rainfall. There was a marked dry period from 1969 to 1985, with some gnarly droughts. Do we believe the fortune tellers?

There are many fortune tellers in the modern world: weather forecasters, economists, politicians, climate scientists....So, sea level is going to rise. Does the international economy show any sign of slowing down? Are people responding by not having babies, or not flying? These are the two worst contributions to manmade climate change. You can read my Inconvenient Truths, enclosed.

We New Zealanders love to pat ourselves on the back, with platitudes like "punching above our weight." The truth of the matter is:

- New Zealand runs a chronic, current account deficit. We sell some of the family silver every year....witness the

growing debt mountain in farming, now at \$62 billion. The New Zealand economy has just been a long term property play, with ever inflating values encouraging us to think that we are getting richer.

- Our banks are 94% foreign owned, as are most of our plantation forests and vineyards.
- The rural sector earns 74% of merchandise export receipts, yet most of that wealth gets transferred into cities to build infrastructure for a rapidly expanding population of urban dependants. Social welfare?
- Why will New Zealand have problems meeting its international commitments to the Paris Accord?..... because of a projected 65% increase in population from 1990 to 2030.
- Planting trees on farm land is a bandaid, with a temporary effect on reducing carbon. Very temporary: many of the logs exported to China are converted to pallets, used a couple of times, then burned! How do farmers compete against a government subsidy?
- Lobby groups are getting more media attention than the common sense approach of land owners. Lobby groups have to create emotional causes in order to get funding and to protect their jobs.



*Greg Clifton's ewes, August 2018, Ruahine ranges behind.  
See story below.*

## Surviving the storm

Most Wairere clients came through the vicious September storm with surprisingly little damage to lambing percentage. This has to be a tribute, not only to Wairere Romney resilience, but to ever improving management of body condition score. Ewes lambing with good body condition, and with sufficiently good pasture covers, can stand a lot of rough weather on behalf of their lambs.

However, there were some farmers who were subjected to 200-500mm rain over five to six days at the peak of lambing. Heavy lamb losses become inevitable in such extreme conditions. Those losses are a heart breaker in a year of exceptional lamb prices and a record national lambing percentage.

The issue of pasture covers at lambing was the prime debate for a farm discussion group at Rangiwahia, northern Manawatu. Veteran pasture scientist, Tom Fraser, told them, "The answer is easy. Fly on nitrogen in late winter." Wairere client Greg Clifton followed that advice, and scored a personal best lambing. Greg's farm is "average hill country, rising to 700 metres above sea level." Greg: "The other lesson I absorbed was "Less is more". I reduced ewe numbers by ten percent, selling two hundred scanned in lamb old and light ewes. The remaining 1800 ewes tailed 161%, and the hoggets docked 74% to the 550 carried through after scanning. I've tried composite genetics in the past, but they didn't handle this environment. I need a more robust type that I can enjoy working with. The Wairere Romney has proven itself here. I'll start weaning in the second week of January. The lambs are looking better than other years."

## Lessons from clients

Wairere has the good fortune to belong to the largest farm discussion group in the country, with over four hundred farmers buying rams from Wairere, Wairere King and Wairere Merino.

Long term client Lewis Newton has toiled away on steep northern Taranaki hills for the past forty plus years. He expanded his land holding to the point where there was room for a son and two sons in law to run their own farms (with solid financial contributions from them, from mining in Australia, etc). Sheep performance has been a very creditable, consistent average lambing of 150%, with hoggets kicking in with around 70%. "But now I'm not so stretched financially, and have downsized, I've changed my annual fertiliser input from DAP with some fine lime to DAP

plus half a tonne of Atkins per hectare per year. Over the past three years I've seen a huge response to increasing pH towards 5.8. Ewe scanning has jumped twenty percent, and tailing was 168% this spring. The Romney hogget scanning has jumped into the 130s, with 117% tailed in 2017. The empty ewe hoggets went to the works at 25.1kg!

This is a high rainfall area, so I carry 370 cows on the 700 hectares. I calve November, and sell the weaned steers in late winter to catch the early spring market in Hawke's Bay. It's a simple system. My goal is to wean 4,000 lambs from 2,000 ewes and 600 hoggets. Abortion in the hoggets let me down this spring, so I'm going to start vaccinating."

## But what about wool?

The \$2/kg drop in greasy wool price is equivalent to needing another \$20 per lamb for hill country farmers. The future of strong wool in the fibre sector looks weak. Wairere has financially supported the Carrfields and Primary Wool Co-op's initiative to transform NZ Yarn in Christchurch. But the going has been tough, and eventual success will not use enough of the national clip to shift the farm gate price.

I think that the best hope for strong wool lies in taking it out of the fibre sector, via a "deconstruction" process which transforms wool to a powder, from which a multitude of applications are available. This conversion process will have no issue with fibre length, micron, or colour. This R and D program has been kept under wraps. But WRONZ (Wool Research Organisation of New Zealand) has recently purchased the percentage of intellectual property owned by Wool Services International, and now owns 100 percent. Wool Services International used to be a farmer owned company, but was sold to Australian owned Lempriere, then sold on a couple of years later to a Chinese company.

I was privileged to meet with Derrick Millton, chairman of WRONZ, before Christmas, and tour the laboratory. The process involves shedding the external sheath of the wool follicles, which is only one percent of the weight. The deconstruction results in a very fine, white powder, like talc. What surprised me was the bright white colour. It seems that the colour which we worry about in greasy wool is simply not an issue. There are multiple potential uses for this wool powder, with its novel attribute of a wide range of amino acids, creating a high protein content. One potential use is in printing ink, where the current dies are based on metal compounds, which are heavy pollutants.

WRONZ has allocated funds to build a pilot plant capable of deconstructing 200kg of wool per day, learn from that, then plan to build a major manufacturing plant capable of handling tens of thousands of tonnes in a year. The New Zealand wool clip, including slipe, is around 140,000



*Wairere rams looking forward to a better future for wool.*



*Wairere ewe hoggets with lambs, December 2018. Average age of lambs, ten weeks.*

tonnes. If all goes according to plan, a big factory will be built beside a scour, starting in two years time.

WRONZ is responsible for a trust fund of around \$40m. The trust's mandate is to maintain that fund for research, unless a "rainy day" provokes the spending of some of the capital fund. The rainy day has arrived. We urgently need to increase strong wool income to compete against the government subsidisation of tree planting.

### Farmer owned companies

For the past hundred years Wairere has been financially supportive of initiatives to lift farm productivity, or to improve product value beyond the farm gate. "The Topdressers" book contains a copy of a letter which my grandfather wrote to Henry Ford in 1926, asking him to develop an aeroplane capable of applying fertiliser. One of the first aerial topdressing trials was flown over Wairere in 1949, twenty three years later.

### Lean Meats

started in 1987, with a group of a hundred farmers wanting to build a processing plant at Eketahuna. That morphed into a marketing business. The group's leaders, John Atkins and Phil Guscott, travelled to California in 1989, and garnered enough confidence in the potential for chilled, sea freighted lamb for John and his wife Sara to leave their Wairarapa hill country farm and live in Berkeley, near San Francisco. John wore out shoe leather over the next ten years, ably supported by Sara. John had charisma in spades, and Americans warmed to his approach, and the eating quality of "Atkins Sheep Ranch" lamb.

Fast forward to 2014, and Lean Meats was struggling financially. The purchase of a processing plant in Oamaru ten years earlier had required a lot of capital for upgrades. The bank was about to pull the rug out, saying that the equity level of twenty percent was too low, and trading results over the previous three years had been poor. Lean Meats was waiting for a Chinese company to buy half of the Oamaru processing plant, but the transaction kept being delayed. The sale went through a month later, whereupon the other half of Oamaru was offered to Binxi. The New Zealand office of Lean Meats was then reduced from ten people to one person. Any lambs killed that weren't required by the Lean Meats team of around fifty people in the USA were sold after slaughter to Ovation, majority owned by Craig Hickson, now a 51% shareholder of Lean Meats. The next trading year, October to September, was the best in the company's history. With the sale of Oamaru, plus the strong trading year, the bank account went from \$17 million in the red to \$3.5 million in the black.

Craig then initiated a cash issue to all shareholders, plus the second dividend in Lean Meats' history. They say that overnight success takes about fifteen years, in this case twenty five. The good times have continued. Lean Meats, which lived up to its name for the first twenty five years, has continued to pay dividends, and sometimes has the best schedule plus pool payment available for heavier lambs, up to 25kg.

Craig Hickson was New Zealand Entrepreneur of the Year in 2015. It was a richly deserved award for a person who started with very little capital, and built a business which now includes four processing plants in the North Island,



*An animal welfare guideline in a Whole Foods supermarket, New York. Whole Foods, with 460 supermarkets, is Lean Meats' biggest client. "Atkins Sheep Ranch" is the brand name in North America.*

**0800 Wairere (0800 924 7373)**



*Broiler chickens in a ProTen shed in Australia.*

handling sheep, cattle and deer, a modern tannery, a processing plant in Wales, and a large farm in Hawkes Bay.

[As a director of Lean Meats from 1993 to 2014, I was fortunate to sit around a board table with Craig. I learned a lot about the difficulties of the meat business, and developed a great respect for those who service our farming industry].

## Proten

Max Bryant was farming a two hundred hectare block in the Manawatu when the downturn struck in 1985. He decided to have a crack at farming broiler chickens, and built a shed for Tegel. That proved successful, so he encouraged friends to co-invest in more sheds. The company grew, acquiring sheds in Taranaki, then near Auckland. Some years later, after checking out the industry across the Tasman, a decision was made to sell all operations in New Zealand, and focus on Australia. Around that time, well known farm consultant Will Wilson, then a director of ProTen, approached me about investing in the company. I did so, partially to learn more about a competing meat protein industry.

The company grew and grew, with a few hiccups along the way. Several months ago the company was sold to an Australian Superannuation fund. From one shed to \$410 million! This growth is a huge credit to Max, his son Daniel, who took over as CEO in 2012, and to chairman John Signal, who is a shareholder in Ovation, and runs Venison Packers in Fielding.

What do these examples demonstrate? Some farmer initiatives beyond the farm gate do succeed. But success takes dogged determination, moving off farm to enable full time commitment, and typically three times the amount of capital originally thought sufficient.

## Wairere Merino

With Lake McKay Station on the market, and manager Jock Meehan moved to an equity partnership on Wairere Romney country near Gore, we are now the 100% owner of the Halfbred flock. The ewe flock was shifted in July to Rusty Nevill's property near Moa Creek, and has lambed 144%. The ram and ewe hoggets are grazing at Millers Flat with Alan Parker, thanks to Grant Ludeman's team in setting that up.

Some of the ewe hoggets got in lamb accidentally, but have proven that Wairere Merino hoggets can lamb

without shepherding! Feedback from clients has been most encouraging. There is no doubt that Wairere Merino flocks are hitting the sweet spot of good lamb productivity and high wool prices. One example: David Andrews, farming near Hyde, bought 1,100 capital stock Wairere Merino ewes from Motatapu Station in 2017. That year those mixed age ewes lambed 163%, then 173% in 2018. David: "These Wairere Merino ewes perform at a much higher level than the Halfbreds that I used to breed for myself."

We plan to sell rams in the week beginning January 21st. Private sale will be coordinated by Murray Dodds (0274361368), who lives in Central Otago, and Anna Vaughan(063725970), now farm manager of Wairere, who worked for New Zealand Merino, 2013-2016, in shareholder liaison.

## I was a convert

Royden and Kate Cooper bought their first farm near Eketahuna in 1988. "We milked cows until 2004, while buying small blocks nearby, and farming some sheep and beef as well. Dairying provided the stepping stone to a sheep farm which now runs 5,800 ewes, after adding seven small blocks to the original farm. My sheep breeding program has included Wairere for nearly twenty years, first with composite rams, now Romney and some Dominators. I still crisscross with Coopworths."



*Royden, Kate and son Liam Cooper at their farm near Eketahuna.*

Lambing is consistently 145 to 150%, with a few hoggets mated to reach the current target of 9,000 lambs. "Dairying taught me to feed stock better. A 115kg calf is "bullet proof." So is a lamb weaned at 34kg," says Royden.

Royden and Kate won the Wairarapa Farm Business of the Year in 2008.

## A new year, new opportunities

In late February and early March we will be selling Multiplier, Tufguy, Romney, Challenger(FE resilient) and Dominator ram lamb sires from Wairere. Top ranked sires are available in all categories.

Here's wishing you a very prosperous season.

Derek and the Wairere team

### Sales/Client liaison:

Andrew Puddy (North Island)  
P: (06) 377 0660  
M: 021 222 5100

### 0800 Wairere (0800 924 7373)

Lynette/Office:  
P: (06) 3771271  
E: lynette@wairerrams.co.nz  
W: www.wairerrams.co.nz

Derek Daniell:  
(Principal) Ph: (06) 377 2077  
Mob: 021 751 163  
Simon Buckley:  
(Business Manager) Ph: (06) 372 5560  
Anna Vaughan  
(Farm Manager) Ph: (06) 372 5970

Visit us on at Wairere

Design and print  
Printcraft, Masterton  
0800 774 683