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## Motu-nui Romneys

Newsletter  
September 2011

## Making Progress

***How many times have you gone back over this year's budget because you thought that you must have made a mistake somewhere?***

With a 40% lift in lamb prices (based on this time last year), an 85% lift in wool, and works ewes up 60%, it's hard not to take a double look. Add in the fact that we actually got an autumn (albeit too late for most farmers flushing around these parts), and we enter spring with a lot more confidence than we have had in most of our farming careers.

Being farmers, you have to wonder what's around the corner to derail our dream run. Media releases of late are saying that tight supply is one of the main drivers in the price upturn. Last year's lamb kill is looking like it could be as much as 9% back on last year, which would make it the lowest lamb slaughter figure since 1960-61. With the mutton slaughter up 10% and scanning results mainly back on last year, it's adding up to another year of reduced numbers. While this will continue to support higher returns for lamb, you can't help but wonder at what point reduced supply will begin to impact our ability to market the product.

Nevertheless, in the immediate outlook our major enemies will be the climate and the exchange rate. The recent record-breaking polar blast has shown us that we can never take Mother Nature for granted, and we can only hope that things warm up and dry out in time for the main lamb drop! The recent shenanigans regarding the US debt have sent our dollar soaring relative to the Greenback, so it's great to see more trade heading in the direction of Asia, and India in particular. They are predicting by 2030 India will surpass China as the most populated nation on Earth, and they already have the fastest rate of individual wealth growth in the world. The number of Indian millionaires is growing by 25% each year, now that's a lot of good lamb curries!

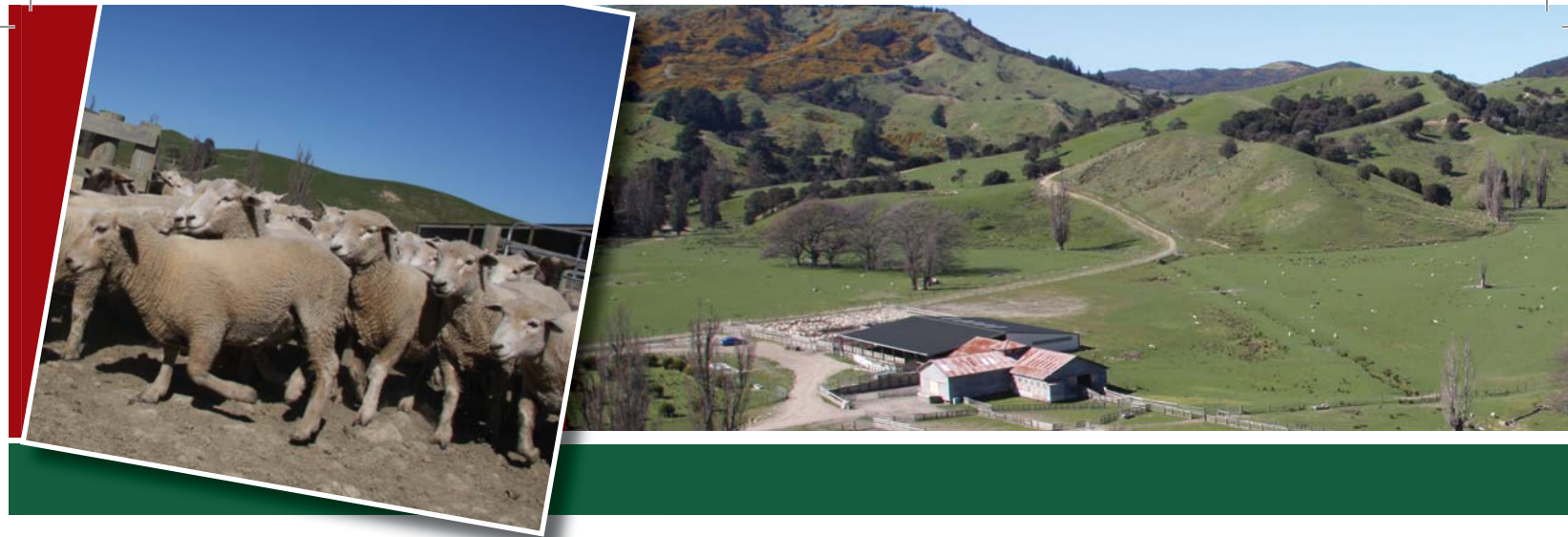
Wool - for the first time in writing our newsletter I have something really positive to say. I always remember Dad telling me when I was a young thing that his wool cheque would normally cover his fertilizer costs and wage bill. Taking shearing costs into account, our wool receipts last year covered fertilizer and about 20% of our wage bill, and this year if all things go to plan it will pay for our fert plus up to 50% of our staff wages. We clipped 6.4kg/su this past year so it actually becomes fun to shear again, not to mention the added management bonuses that 6-month shearing creates.

## Inside

- ***Jason's Making Progress***
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***Total gross farm revenue was up 15.6% for 2010-11, and a further increase of 1.6% is predicted for the coming season, according to the "Sheep and Beef New Season Outlook" just released by Beef and Lamb NZ. "This increase is primarily driven by increased revenue from sheep including wool."***





The short term future for wool looks very strong, if you look at the cotton market which wool tends to trend. The US is in the middle of a drought, with cotton growing areas having the driest Jan-May on record, and the area planted in cotton is down 500,000 acres on historical acreages. Cotton suppliers are expecting to see a rise of nearly 20% in returns - once again supply and demand. Along with the decline in sheep numbers worldwide and continued education to the world of the benefits of wool over synthetics, it is all very exciting. A real turnaround for what was fast becoming a forgotten by-product, and even more pleasing for us is to see added value for farmers who have stuck with a dual-purpose animal.

### **Some Grass!**

Having spent nearly 4 years (Dec) on ICA now, this year for the first time we finally got some grass in front of our stock in the late autumn/early winter. Yes our stock are hardy, but we were well overdue for the opportunity to feed them to achieve their full potential and allow all the hard work and investment that is put into genetic gains to shine through. Ram hoggets that would normally have been set stocked at this time of year trudging through mud are still on rotation and growing. I am confident that, come sale time, they will be the best crop of 2th rams that we have seen at ICA.

Our ewes are 5-10kgs heavier than this time last year, which they will take into lactation and heavier lamb birthweights which will go some way to lifting weaning weights back up to what we expect. Our emphasis is still strongly towards ewe efficiency and I will be honest, last year was tough. If we had stuck to criteria I would have only retained a little over a half of the recorded flock. We weaned early as we wanted to protect the body weight of the ewes. They picked up very quickly and are now back on track. ICA is still in its early days of production and we hope every year will see an increase in DM produced and consumed. It's interesting that prior to 2007 a lot of farms were

growing between 7000-9000kg/DM and carrying 9.5-11su/ha; in recent years they've been growing only 3500-5000kg/DM which should mean reducing stock numbers by up to 5su/ha, but I don't know many farmers that dropped that low.

### **FAQs**

I am often asked what makes us different from other ram breeders, and why should we buy our rams from Motu-nui?

#### **Here's why:**

- One of the country's largest recorded Romney flocks farmed on a single farm.
- All stock run under commercial conditions, mob-stocked on second class hill country, summer dry and winter wet conditions. The best way to test for constitution.
- 6 years of data collection and culling for **efficiency**; now selecting rams with good parental background based around this trait.
- All rams DNA tested for foot rot resistance and parasite resistance.
- 17 years involved in Wairarapa Romney Improvement Group sire evaluation testing progeny for saleable meat value.
- Large numbers give us a large selection to cull heavily on feet, dags - the basics that farmers want to improve in their flocks.
- We lamb hoggets and have done so for the past 25 years. Lambs tagged at birth.
- Mothering ability is important so we do a lot of culling at lambing time to only bring forward the best mothers to breed from. The class of country that our genetics are going to can't afford ewes that aren't easy care.
- Full EID (electronic identification) in all animals, with significant investment in developing software to make the most of our data collection. New



# Confidence & Sustainability the Key to Sheepfarming in the Future

***The New Zealand sheepmeat industry faces the important but difficult challenge of having the confidence to invest along the value chain, to rebuild their production efficiencies in the face of a shrinking national flock.***

This will ensure the sustainability of good market returns, which will in turn give the sheepmeat industry the confidence to increase sheep numbers.

Limited supply over the next two to three years will drive favourable product prices, but will leave the industry vulnerable to market volatility in the longer term, due mainly to being unable to supply all markets.

Prospects for the red meat sector globally are positive for the next two years as production availability has tightened and demand is recovering, but what will be required for success over the longer term?

The improved outlook gives the New Zealand farmer the opportunity to capture the higher returns. With declining livestock numbers farmers will need to lift production levels, and considerable changes will need to take place.

Emerging markets for meat consumption are being led by the fast growing economies of China, India, Malaysia, Philippines, Singapore and Thailand. These countries are enjoying GDP growth in excess of 8% p.a. and that signals the likelihood of significant meat consumption, as their economic wealth increases. A shift in consumption trends is already evident, for example in some Asian markets where fish has been a large part of their diet they are becoming more diverse, with an increasing proportion of red meat being consumed.

New Zealand sheepmeat production volumes have not declined at the same rate as the national sheep flock due to the higher lambing percentage and more than a 20% increase in average carcass weight over the past two decades. An interesting fact quoted the other day was that the volume of sheepmeat produced last year was equal to the sheepmeat produced during one year in the 1980's when the New Zealand sheep flock was 70 million, compared to the present number being close to 35 million.

Even if our confidence were to change favourably towards flock rebuilding, the livestock life cycle means that any meaningful change to production levels will be at least two or three years away.

While prices for sheepmeat are not expected to fall, due to the very tight supply, any change will be at the mercy of the currency movements. Increasing the proportion of product sent fresh or chilled will also be critical in lifting sheepmeat returns.

This past year has been an interesting year for New Zealand wool producers. The volatile year was marked by the sharp appreciation in wool prices in the latter part of the year, adverse weather conditions



over the critical lambing period and a persistently strong exchange rate. Both here and in other wool-producing nations, the sheep flock has continued to decline, although there are signs that the long-term trend of contraction is bottoming out, as farmers look to retain more hoggets. The recent lift in exports in both volume and value is a positive indicator that demand along the pipeline is starting to improve, and China's domestic demand is expected to remain strong.

All things being equal I personally believe that the sheep industry is moving forward to some very positive and exciting times.

Finally I would like to assure you our focus continues to be on providing you, our clients, the best service and expertise in providing rams that will help you to increase your production and profit, and make sheepfarming that much more enjoyable.

As I write this article I am very much aware of the past week of snow and bitterly cold southerlies and heavy rain, and hope that many of you had not yet started lambing.

I hope your lambing goes well and will be looking forward to catching up with you at ram selling.

Kindest Regards,

**John Le Grove**



# News from Motu-nui Hiwi

*I'm writing this while it's snowing for the third night in a row, something quite unusual for us here in Taihape.*

It's a little bit cold to say the least. I'm hoping it hasn't affected everyone else too much. I guess we need to remember it is winter and better to have the snow now than in a month's time when we are all in the middle of lambing!

If it has hit you a bit hard now, just think back to the excellent prices we received last season - wool at \$5.00 , \$6.00-\$7.70 for lambs and up to \$4.70 for mutton. Let's hope the prices can hold up for another few seasons to come.

Here at Motu-nui Hiwi we are making steady progress. I am very impressed with how the sheep are handling the weather patterns that have been thrown at them. The ewes here are run under commercial conditions along with the lambs and hoggets; in fact, I think I push them harder than the commercial flock to test their constitutions because I don't want to breed a sheep that needs to be pampered to perform.

This year there was no tail end in my stud mobs. If a sheep lags behind in any way I cull it from the stud mob and place it in a mob that is mated to a terminal sire. I cull sheep that have excess dags, and we have a very minimal drenching programme in place to try and breed a worm tolerant sheep.

Last summer was very testing for us. Basically we had 3 dry spells with good rain in between. November/December was very tricky, and with no fresh grass at this time, I decided to wean all my lambs. We weaned all stud lambs this year at 85 days old and they weighed an average of 26.24 kg. (This figure includes my stud hogget lambs which were weaned at 45 days old).

This is a good 7 kgs behind our 5-year average weight.

They did manage to catch up over the summer period and at tugging the ewe hoggets weighed an average 59.01 kgs at the 18/5/11. All ewe hoggets are single-sire mated and this year my 114 hoggets scanned 111%.

The MA ewes averaged 72 kg and the 2ths were 65.5 kg (68 kg overall) at tugging. Their weight was 56.92 kg at weaning.

Scanning results for MA ewes 184%, 2ths 177%, making 181% overall. It continues impress me that our sheep have the potential to grow and recover well with limited feed over the summer periods.

We have built up our number of recorded ewes again this year and now have 380 ewes and just short of 100 hoggets lambing this year.

We have 200 ram hoggets for sale this year which is exciting. One hundred of these were bred here and the other 100 come from Jason at Motu-nui. We needed to increase the number available here for this season to meet the increasing interest in our rams.

I will endeavour to visit all my clients from last year before you all get too busy. Here's hoping all the snow and bad weather is over, that we all have a great spring, and that prices hold up for this season to come.

**Regards, Donald and Sandra Fannin**



*We as farmers worry  
sometimes if the grass isn't  
growing, but those guys in  
town worry all the time!*



updates are happening all the time.

- We sell local, with a large client base in the Wairarapa, and satellite flocks in the South Island and Taihape. Constant exchange of genetics between the 3 flocks.
- Proven testing ground. Experience has shown that if stock perform well in the Wairarapa climate they will shift well nationwide. The last 3 years of drought has really tested this.
- We work with the stock ourselves and I am personally involved in day-to-day management.

### **Terminals**

We are now into our third year breeding the terminals, and things are really taking shape. Half of the flock is now ½ Texel ½ South Suffolk, with the rest remaining a straight South Suffolk. I am really impressed with the constitution showing through after very heavy culling. The extra grunt that the Texel X is putting into them is very impressive. We have now put them all on to the SIL database and will be tagging them at birth. I believe survivability is important as most ewes put to a terminal ram are lambed early into colder conditions. We will weigh as many as possible at birth to look at birth weight and put some conclusions around these results. We will also look at eye muscle scanning the ram hoggets in the autumn.



I am very pleased with the client feedback from those currently using our terminals.

### **General**

We have to put our price up this year which is something we cannot avoid if we as stud breeders also want to make a profit for the work we put into our flock. I don't want everyone to think just because commodities have lifted and budgets look great that we want to stick it up our clients. I have explained and most of you are aware the cost around producing the genetic base we have, especially our investment in new technology. We don't like increasing our prices but is a necessity.

What a tragedy it was to see the sudden death of young Wairarapa farmer James Hay, a ram client with Motu-nui for over 7 years. His passion for farming was really showing through in the family farm 'Tarewa' and the results he was achieving. He will be greatly missed not only by his family and friends but the greater farming community that knew him.

I wish you all the best for the new season ahead and long may these current trends continue, it's great to see some smiles back again. Let's hope come ram-selling time we will be talking about a great World Cup success!

As always please don't hesitate to call for a catch-up.

**Jason**





# The Southern Muster

*News from Motu-nui South*

***What an incredible 12 months in the realms of sheep farming. It began with the amazing storms that hit the deep South in the middle of September. They were the worst on record and lambing percentages were hit very hard.***

It was amazing how well our sheep coped and to see such a high survival rate on our farm spoke volumes for our sheep. They are certainly hardy and resilient and have the rare ability to handle all types of conditions and seasons.

From the depths of despair caused by the spring storm it was a revelation how lamb and wool prices recovered and went to a level we would like to think would be sustainable well into the future. If this eventuates then sheep farming will have a very rosy outlook and we can finally make financial progress and be in a situation where much-needed repairs and maintenance can be addressed.

Our flock of rams for this next selling season have had to endure a very wet and cold late winter with five falls of snow since the beginning of July. As at mid August they are still unshorn and covered in mud, but knowing their hardiness I'm sure they will be ready for selling in late November

This year we will have a number of Romney / Texel first cross rams for sale this season and they are certainly displaying the meatiness expected of them.

Once again we have been doing our client visits and it is great to see the progress being made on the various farms due to the use of Motu-nui rams. It is so heartening to see how they adapt to a large range of environmental conditions.

Finally on a very positive note it is great to know the Ranfurly Shield is resident in the deep south and that sheep farming looks to have a very positive future.

Trust you all have a successful and prosperous lambing and we look forward to catching up with all our rams clients in November.

***Bruce, Carolynn, Marc and Joelene Robertson***

***mr*** **Motu-nui  
Romneys**

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