

Waimai Romney 2021

As I write this newsletter, the Waimai Valley is underwater, with sheep having to be swum off the flats this morning. While we needed the rain, nature always seems to give you a little boot up the backside, to let you know it is still in charge, and generally has the last say! As farmers I wonder if this is the reason we love farming so much, as we work within the boundaries of what nature provides, and the challenges it brings, but the rewards of getting it right are hugely satisfying not just for ourselves but also the wider community.



Waimai
Spring
2021



It is exciting times for New Zealand's sheep farmers, with product prices for both our lamb and mutton at historical highs. AgriHQ data shows that this year's gains on lamb have been 31%, or more than \$2/kg, over the same period – lifting from just under \$6.70/kg to \$8.75/kg at the end July. This puts lamb prices more than 24% above the 5-year average for this time of year. Australian flock rebuilding has added to the tightness in sheep meat availability in world markets – albeit more for mutton than lamb, and China's demand for sheep meat remains firm, which all presents a strong starting position for the new season ahead. BNZ believes these factors set up a good chance for average lamb prices in the 2021/22 season to make an all-time high. They do qualify this statement by saying “if the last 18 months has taught us anything, nothing can be taken for granted!”

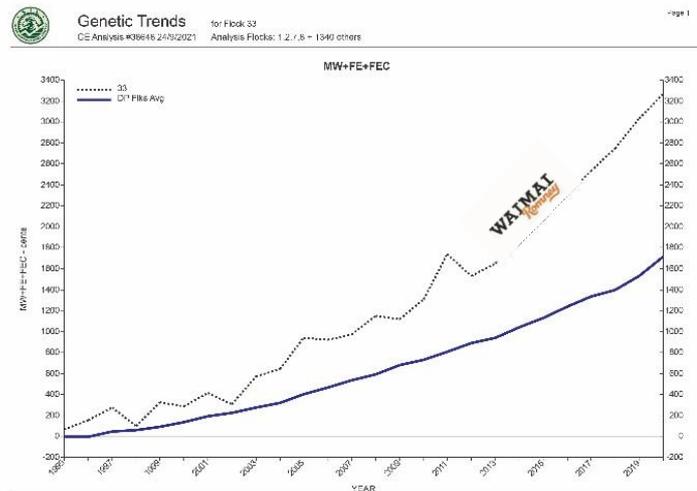
As covid 19 continues to change the world we live in, New Zealand's food and fibre industries remain a key part of our economic and environmental future. As outlined in the discussion paper: The Future of Food and the Primary Sector, New Zealand farmers are already leading the world in producing food and fibre from a pasture based, low energy system that exemplifies the highest standards of animal welfare with a low carbon footprint, and our customers worldwide are happy to reward us for it. We sometimes need to remind ourselves that the customer is always right and will help guide our decision making.



Consumer sovereignty is the situation in an economy where the desires and needs of consumers controls the output of the producer. As food and fibre producers we need to have a clear and unobstructed view of our customers needs and desires and make sure we fulfil them. We understand at Waimai, as a producer of sheep genetics, that we must understand not only the needs of our farmers but also the end consumer of our food and fibre. It begs the question, “considering the time it takes to embed new traits into a population, what are the key traits we should be focused on here at Waimai today, and into the future?”

At Waimai we are very focused on producing hardy productive sheep that are conformational sound with a high level of genetic gain. Our latest genetic trend graphs, I think, illustrate that we are achieving this. But what of the future? I believe we need to produce a low input sheep that has few dags, clear points and is less susceptible to flystrike, requiring minimal drenching, while still having all the productive traits we desire to maximise profitability from both our meat and wool. At Waimai we have selected our rams with a clear focus on low inputs!

We continue to support the FeGold and WormFec Gold brands with these animal health traits enabling our sheep to not only survive but maximise their productive potential, with low input, but also this year all our rams were scored for Bareness and Dags with wool also being scored for its propensity to attract flystrike. All these traits, combined, will help in our goal of producing #Low Input Sheep.



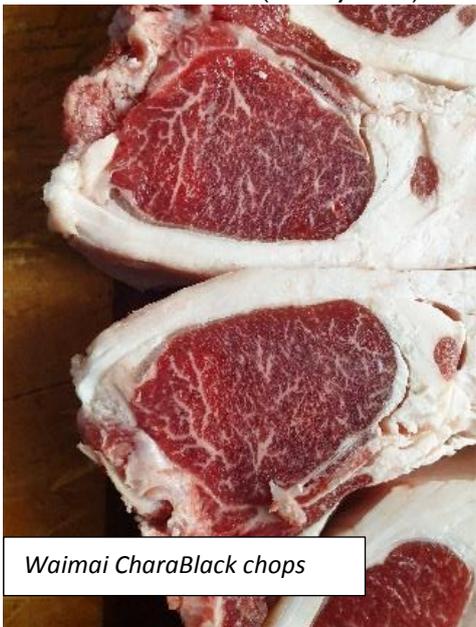
Another future trait I also believe we need to focus on is low methane, as our customers demand for our food production system to become carbon neutral, intensifies. We have just done our second year of methane testing putting 192 rams through AgResearch’s methane trailer. It was hugely pleasing last year to have the top ram in NZ for low methane output, Waimai Romney 651/19 who’s PACCH4gBV was -1.7012. He was used in the stud last year. While this result is a research based EBV it shows we are heading in the right direction with methane. Our ram team averaged -0.41 PACCH4gBV, with negatives being good. It is interesting that Silver Fern Farms is about to launch a Zero Carbon Beef Brand, based on demand from customers, which will receive a premium in the market, with a lamb equivalent hopefully not to far away. Watch this space. Having just done my GHG (Green House Gas) emission calculation, I’m not sure if the BLNZ calculator will accept “low methane” rams and is more likely to give a “computer says NO,” response! AgResearch lead scientist on methane Dr Suzanne Rowe has proven



Gerrard from AgReaserach & Kayleigh Forbes inaugural spectrum of John Reeves memorial scholarship

over 10 years that selecting for low methane sheep in no way effects productivity, if anything it improves. I appreciate Waimai is taking a punt into the future selecting for methane, but we believe it will be hugely beneficial for our clients, both environmentally and financially, so let's have a go.

Our Waimai CharaBlack terminals keep going from strength to strength, with fantastic feedback from farmers throughout the country. My sheep scanner, Justin Meikle from Oamaru, was so impressed with the CharaBlacks last year that he got us to send 6 hoggets' down in February this year. Justin runs an intensive sheep system under irrigation with his wife Renee and until recently was one of the South Islands top shearers. It will be interesting to see how the CharaBlack perform under this system. We are still very focused on weaning weight and growth with good yields, but as was mentioned last year we are also very focused at Waimai to produce CharaBlack rams with a high degree of IMF (intramuscular fat), in our quest to produce #marbled lamb. We have been identifying IMF when we EMA (eye muscle area) scan our rams, which is still unproven technology but at least a start, but last year we entered 6 rams in a progeny trial run buy PML (Progressive Meats Ltd), to identify rams with superior genetic merit for IMF and other meat quality traits. PML is a very innovated meat company that have some high-end customers who have expressed a desire for a lamb meat product with improved intramuscular fat (IMF), and most importantly, are willing to pay a premium for it! We were thrilled that of the 50 rams entered we had 3 in the top 20, but most pleasing was that we had the top terminal ram for IMF with Waimai CharaBlack288/19. This ram was also in the top 25% for weaning weight and along with his twin brother Waimai CharaBlack 287/19, were both used extensively in the stud this year. 6 more rams entered the progeny trial this year. This is a very big investment by Waimai but we, and others, believe it is the future. Trevor Cook (Totally Vets) believes "it is imperative that we pursue an avenue for a premium



Waimai CharaBlack chops

market for high quality lamb meat, and be part of a value chain model, that will sustain our industry into the future.

In our quest to find high IMF sheep we purchased the Ruapekapeka Hampshire stud from Northland this year as well as purchasing semen from an Australian Hampshire ram, Burrandool 18/8020. This ram was the Supreme Hampshire exhibit at the 2019 Australian Sheep Show, and the Supreme All Breeds at the Victorian Show as well as winning numerous other shows (this would suggest he is structurally sound) but what I liked most about him is that he is in the top 1% on LambPlan for IMF in Australia. This, along with our relationship with Scott Linklater Elite Charollois, who is very focused on marbling, will help drive our Waimai CharaBlack IMF genetics, into the future.

Wool is still a problem child, but we have been heartened by some of the initiatives in the strong wool industry of late.

- The merger between the 2 main farmer co-ops, Wools of NZ, and Primary Wools, can only be positive in consolidating the industry and integrating the industry. Flooring Xtra's announcement

that they are the exclusive launch partner of Wools of New Zealand, bringing their customers beautifully crafted, natural homegrown wool carpet, through their 61 stores across New Zealand is a fantastic initiative.

- WRONZ's announcement of a world-class research initiative with the Ministry of Business, Innovation and Employment, and development of unique wool particles, powders and pigments with global export potential for applications as diverse as cosmetics, printing, luxury goods and personal care is very positive
- Cavalier Bremworth decision to stop production of synthetic carpets and only supply woollen carpets is about a company showing leadership around the environment. Synthetic (plastic) carpets put chemicals into the air which are poisonous and as we see a push towards healthy homes, more people are wanting to surround themselves with natural products, I think home owners will look back to this time and wonder why we were all voluntarily poisoning ourselves with oil based products, not to mention putting our families at more risk from death from a fire, with naturally families in natural furnished homes being 10 times more likely to survive a fire than families synthetic furnished homes!
- Big Save Furniture announcement to pay farmers double the market price for strong wool to use as filler, lining and covering in its beds and sofas definitely gives strong wool farmers hope for the future. "Big Save wanted to shift their focus and values to start looking at furniture that could make a positive impact in peoples lives and develop products that not only benefited their customers but also Kiwi farmers." Hopefully we will have the national buyer of Big Save Furniture, Daniel Norman at our on farm sale on 4th November.



I think we all have a reason to get excited about the future of sheep farming, not only this year but into the future. We appreciate, at Waimai, that we are in the genetics business and our whole focus is on Breeding Profitable Sheep, to improve the profitability and sustainability of our client's businesses. We don't take this responsibility lightly and will work bloody hard to achieve this. We are having our **Open Day on Thursday 14th October** with the **Annual Sale** starting at **1pm Thursday 4th November**. Take care and we look forward to catching up.

Regards

Alastair, Ann and Helen



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