A perspective on our industry - Waitangi Fellowship Report

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Abstract

The management practices in common use in the sheep industries of UK and New Zealand have few similarities. This is the inevitable result of the widely different political, climatic and financial influences the two industries experience. New Zealand products enjoy a favourableresponse from British consumers. They are considered to be quality items and generally look well in the markets. Our markets are well established and while we would all acknowledge imperfections, there are now more important issues than philosophy and structure. Returns to the producer is the paramount problem in the New Zealand sheep industry. A long term approach to that issue may demand considerable investment in the market place, delaying the flow of the entire amount of increased return back to farmers. The New Zealand farmer is a more innovative and adaptable character than his British counterpart. At least part of this is due to the volumes of regulations and restrictions that plague British farmers. Herein lies an asset that we should exploit to maintain a competitive edge.

Keywords New Zealand, sheep industry, United Kingdom

When I accepted the Fellowship which has provided the bulk of the material for this address, I knew that the main objective was to foster understanding between the sheep industries of the UK and New Zealand. But I did not realise how great the differences or the misunderstandings are. and neither did I realise the importance of focusing upon the matter.

For anyone accustomed to a single breed flock and home-bred replacements, the British sheep industry presents a confusing picture. A system has evolved which links the whole industry in a stratified flock. The system is based upon the hardy hill breeds like the Scottish Blackface. Those who farm in the hills dispose of their cast stock to the easier uplands where they will be crossed with a sire that will add prolificacy and milking ability. A favourite sire for this purpose is the Blue-faced Leicester. The female progeny are known generally as, ‘mules’ and are sold on to the highly productive land to be mated with a terminal sire that will add conformation and thus a lamb suitable for the market. Put like that it sounds simple, but when a dozen variations upon the theme are added, I found I had to ask the owner what breed of sheep I was looking at.

The British farmers are proud of this system and most will debate it s merits with enthusiasm. It provides the hill farmer with a valuable outlet for his stock, and the crossing adds a measure of hybrid vigour. However, the breeding of the mule ewe does result in the production of some mule and hill breed wethers of poor conformation, and the linking of the whole flock has been associated with the spread of disease. A New Zealander might be concerned at the size of the stud flocks. Because commercial production is based upon cross breeds, the stud flocks are small, some have only 15 ewes, and selection pressure is virtually nil.

Regardless of what we may think of this system, it is a rational response to the circumstances in which British farmers operate. They plan for a long bleak winter. Whether it is much longer or much bleaker than ours we may debate, but it’s true that Southland is closer to the equator than any part of the UK. It is the warmth of the gulf stream that makes the difference for them. Trees grow with less vigour than ours, and 300 metres of altitude in the UK is said to have a similar influence to a 1000 metre change here. The UK farming industry revolves around silage. They are either making it, feeding it, or spreading the resultant slurry. Animals are inside for various lengths of time. depending on the area. Six months inside is common and 305 days for a dairy herd in Germany was the most extensive use of housing I saw.

In New Zealand terms UK farmers were getting about $93 for 20 kg lambs and in addition to that will get a ewe premium for their first 500 ewes of perhaps $45, plus a Less Favoured Area grant and a Hill Land Compensatory Payment if they are applicable. One study of hill farms in UK showed the subsidies they received to be 120% of the value of their production. But farmers never get rich, they just intensify into higher cost production and pay more for land. Any retreat from this situation is painful and despite the figures I have quoted UK farmers are feeling the pressure. Industries in retreat need a scapegoat and NZ has been the target of some quite bitter criticism in recent months. We are blamed for the decline in the price of lamb early this year and it was not always comfortable to be Kiwi.
Against that background we should turn our attention to the issues that affect NZ producers. The first is the overall perception of our products. I was delighted to find the name New Zealand associated with quality, irrespective of whether the product was lamb, wool, dairy, wine or apples. This is of particular significance for lamb, because not so long ago we were having cold-shortening problems which were affecting tenderness, and industrial disputes were affecting deliveries. We were in danger of being identified as the unreliable suppliers of poor quality product. To have turned that around should be regarded as a significant achievement.

The recent price issue aside, the only place you will hear the NZ industry rubbished is in NZ. It is considered for lamb, because not so long ago we were having dairy, wine or apples. This is of particular significance irrespective of whether the product was lamb, wool, and of course price stability do present some problems.

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I saw British wool going onto a spinning mill. The grower had received about $3.40 greasy in spite of obvious black fibre and kemp. Farmers wrap up each fleece with its own belly and pieces inside. These are all opened by the British Wool Marketing Board who grade and repack it. The cost of doing this plus the price to the grower must come to about $4.00. Yet the wool I saw was sold to the spinner for about $2.20 per kg., which explains why he wasn't using NZ wool.

There was a time when I would have advocated extending the membership of the International Wool Secretariat to include other wool growing countries. But I am now of the view that we are establishing a deserved reputation for quality for the products of member countries and that it would not be in our interests to involve other producers. It is difficult to assess the performance of organisations like IWS, and no doubt some improvement is possible. But the fact remains that if we do not support manufacturers in their use of NZ wool, then there are plenty of people prepared to support them in the use of synthetic fibres.

Bureaucratic nonsense plagues British farmers all the time. One man told me that after a full day of studying the application form for oilseed rape supplementary payments, all he managed to do was write his name and address at the top. And apparently the accuracy of such claims and set aside areas can be checked by satellite. Animal welfare standards are getting to a ridiculous point. One paper under discussion was going to bar sheep farmers from catching sheep by the leg and/or wool. While it is tempting for us to laugh, the people who are setting these standards are our customers too. We will have to put into place a minimum set of standards that we can point to when under critical review, and we will have to expect some prosecutions. The British are by far the most sensitive in this respect and I was left in no doubt that British farmers would ensure that our farm practices would come under the same scrutiny they suffer.

All of this interference leaves the British less able to adapt and innovate. While their research is at least as advanced as ours, the uptake of the technology is much slower. This is an area where we can establish the competitive edge we need to bridge the 10,000 miles of ocean that separates us from our market. When we sell technology or genetic material we should realise that action demands that we move onto the next step to maintain our edge. The more ideas we sell or give away, the more new ones we will have to come up with. Any doubts about this should be referred to a kiwifruit grower.

Of recent years the British sheep farmer has been as much our competitor as any producer of beef, pork, or chicken. But the changes which are taking place in the British sheep industry now may make it more seasonal. If so, there are opportunities for co-operation between the British, who are the world's second largest exporters of sheep meats, and ourselves, with each holding the market open across the other's off season.

Our industry has problems and they are obvious for all to see, but we have much to be proud of. If we could devote just half of the energy to building ourselves up that we do toward knocking ourselves down then we could make significant progress. There are opportunities for a well disciplined sheep industry.