



Stock Number Survey

as at 30 June 2021

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Executive Summary

Table 1 Livestock Summary

	30 June 2020 (million)	30 June 2021e (million)	% change
Breeding Ewes	16.57	16.48	-0.5
Hoggets	8.67	8.61	-0.6
Total Sheep	26.03	25.83	-0.8
Estimated Lamb Crop	22.89	23.25	+1.6
Beef Cattle	3.88	3.98	+2.5

e estimate | Source: Beef + Lamb New Zealand Economic Service, Statistics New Zealand

Breeding Ewes -0.5%

For the year to 30 June 2021, New Zealand's breeding ewe flock decreased 0.5 per cent to 16.48 million. Numbers decreased across most regions except for Taranaki-Manawatu and Southland. Farmers faced dry conditions in autumn, which, combined with good prices for mutton, resulted in more ewes being culled this season. The largest regional decrease was in Northland-Waikato-Bay of Plenty (-2.5%).

Hoggets -0.6%

Overall, the number of hoggets decreased 0.6 per cent to 8.61 million. Mixed results occurred between regions. The most significant decreases were Northland-Waikato-Bay of Plenty (-6.7%) and Southland (-7.9%) where the number of trade hoggets in particular decreased due to strong prices. The highest increase in hoggets was in Taranaki-Manawatu (+7.0%) indicating a stabilising ewe flock after steady declines over the past 10 years.

Total Sheep -0.8%

The total number of sheep for the year to 30 June 2021 decreased 0.6 per cent to 25.83 million head. The largest decrease was in Northland-Waikato-Bay of Plenty (-3.8%) where the total number of sheep fell below three million head for the first time.

Ewe condition

Mixed Age ewes were in average-to-good body condition across the country, however the condition of two-tooths reportedly was more variable. After two comparatively tough autumns with dry conditions and a pinch in feed availability, two-tooths in particular appear to have suffered on the east coast of both islands.

Scanning

Overall, pregnancy scanning results have been positive, with the number of ewes having conceived being up 1-2 percentage points on last season. Northland-Waikato-Bay of Plenty and Southland reported the most positive scanning results, around four percentage points higher. The dry conditions and subsequent impact on body condition was reflected in poorer scanning results being reported for two-tooths.

Lamb crop +1.6%

The lamb crop is forecast to increase to 23.25 million, 1.6 per cent ahead of spring 2020. Given the moderate decline in ewe numbers, the forecast reflects positive scanning results, ewe body condition and a relatively warm start to winter 2021. B+LNZ anticipates an increase in the number of lambs born in spring 2021 across North Island regions. In contrast, expectations are for a decrease in numbers in Marlborough and Canterbury. Climatic conditions leading into spring, and any adverse weather events will impact the potential lamb crop.

Beef cattle +2.5%

The number of beef cattle at 30 June 2021, estimated at 3.98 million head, was up 2.5 per cent on the previous June. Numbers fell throughout the South Island in contrast with increases across the North Island. The largest mover was the Northland-Waikato-Bay of Plenty region where total beef cattle numbers increased 7.7 per cent on June 2020. Rising two-year-old ("R2") or older cattle were the main source of increased total beef cattle. The main factor in the increase appears to be higher retentions of cattle in spring 2019 particularly dairy-beef animals. Other factors in higher numbers on hand at 30 June include weaner cattle being out of favour during dry conditions (or drought), a desire to turn over livestock more quickly and hence purchasing older stock for finishing, and in some cases cattle not being finished in autumn due to climatic conditions.

The outlook for spring 2021 calving is mixed, with two dry autumns compromising cow condition and reduced breeding cow numbers in some regions. Overall expectations are for a slight reduction in the number of calves born this spring (-0.5 to -0.9%).

Introduction

Livestock numbers as at 30 June 2021

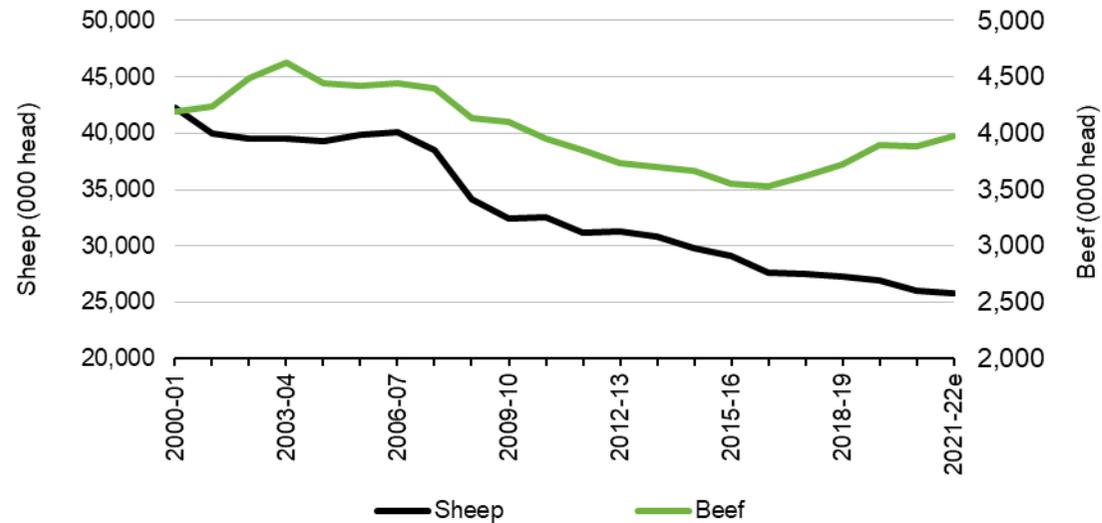
This paper summarises the results from a survey carried out to estimate the number of sheep and beef cattle on hand at 30 June 2021. This survey uses the Sheep and Beef Farm Survey framework, which is a statistically representative sample of over 500 commercial sheep and beef farms. Economic Service Managers based throughout New Zealand collect information from farms at various points during the year.

The livestock on hand at 30 June 2021 described in this report are the productive base for meat and wool production in the 2021-22 farming and meat export years.

In addition to the survey results, other information was used to estimate how changes in the size of the dairy herd impact on sheep and beef cattle numbers.

The results of the survey are reported by region for sheep in Table 2 and for beef cattle in Table 4. Longer-term time-series of livestock numbers are shown at the national level in Table 3 for sheep and in Table 5 for beef cattle.

Figure 1 Livestock Numbers



Source: Beef + Lamb New Zealand Economic Service | Statistics New Zealand



Climatic Conditions

2021 Summer Summary

Rainfall

Summer rainfall was below normal (50-79% of normal) or well below normal (<50% of normal) for the majority of the North Island, and much of the northern half of the South Island. Above normal summer rainfall (120-149% of normal) was observed in eastern parts of central and north Otago. Summer rainfall was typically near normal elsewhere (80-119% of normal).

Temperature

Summer temperatures were near average ($\pm 0.50^{\circ}\text{C}$ of average) for the majority of New Zealand. Above average temperatures ($+0.51^{\circ}\text{C}$ to $+1.20^{\circ}\text{C}$ of average) were observed in parts of northern Auckland, Waikato, Bay of Plenty, and a few isolated locations in Hawke's Bay, Tasman, Canterbury and Otago.

Soil Moisture

Below normal soil moisture levels were a prominent theme throughout the season, which reflected the lack of rainfall observed in many areas. The main exceptions were coastal parts from Taranaki to Wellington in December, parts of Otago and Southland in January, and parts of the Far North in February where soil moisture levels were temporarily above normal due to notable rainfall events. At the end of summer, soil moisture levels were below or well below normal across most of the country.

2021 Autumn Summary

Rainfall

Autumn rainfall was below normal (50-79% of normal) across Northland, Auckland, parts of Waikato, parts of Manawatu-Wanganui, Gisborne, Hawke's Bay, Wairarapa, eastern Southland and most of Otago. Above normal rainfall (120-149% of normal) was observed in parts of Taranaki, northern Tasman, Nelson, northern Marlborough, and parts of eastern Canterbury. Pockets of well above normal rainfall ($>149\%$ of normal) was observed around Ashburton. Most of the total autumn rainfall that was recorded in the Canterbury region fell in the last two-to-three days of the season. Near normal rainfall (80-119% of normal) was observed elsewhere.

Temperature

Autumn 2021 was the 10th-warmest autumn in 112 years of records. Temperatures were above average ($+0.51^{\circ}\text{C}$ to $+1.20^{\circ}\text{C}$ of average) for most of Aotearoa New Zealand. Pockets of well above average temperatures ($>1.20^{\circ}\text{C}$ above average) were recorded in eastern Canterbury. Near average ($\pm 0.50^{\circ}\text{C}$ of average) temperatures were recorded in most of Northland, parts of Auckland, parts of Waikato, parts of Bay of Plenty, most of Marlborough and Tasman, and scattered portions of Southland, Otago and West Coast. No areas experienced below average temperatures.

Soil Moisture

At the end of autumn, soil moisture levels were drier than normal for northern Northland, Auckland, parts of Waikato, southern Hawke's Bay, the Tararua District, Wairarapa, much of Otago and southern parts of the Canterbury. Soil moisture levels were wetter than normal spanning from the Nelson/Marlborough region through to much of eastern Canterbury.

Source: National Institute of Water and Atmospheric Research Ltd (NIWA)



Figure 2 Soil Moisture Deficit - March

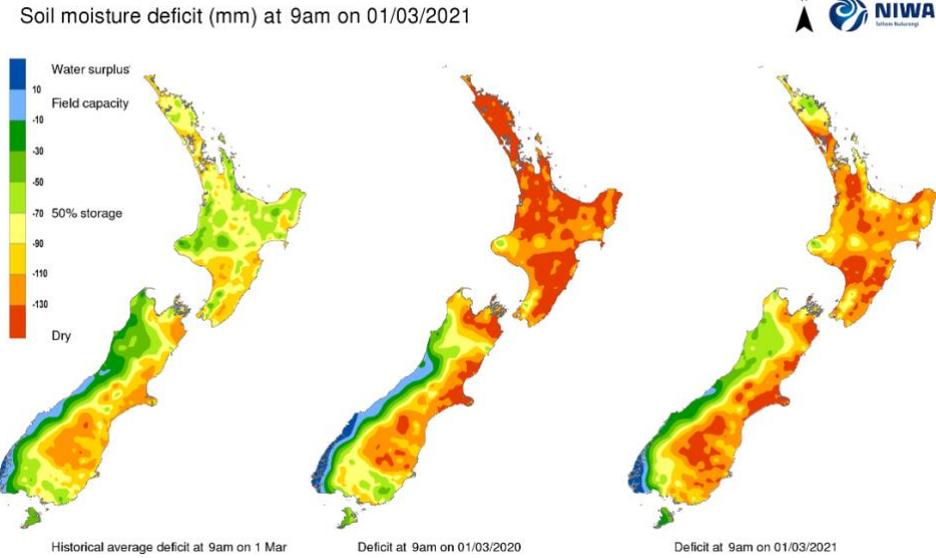
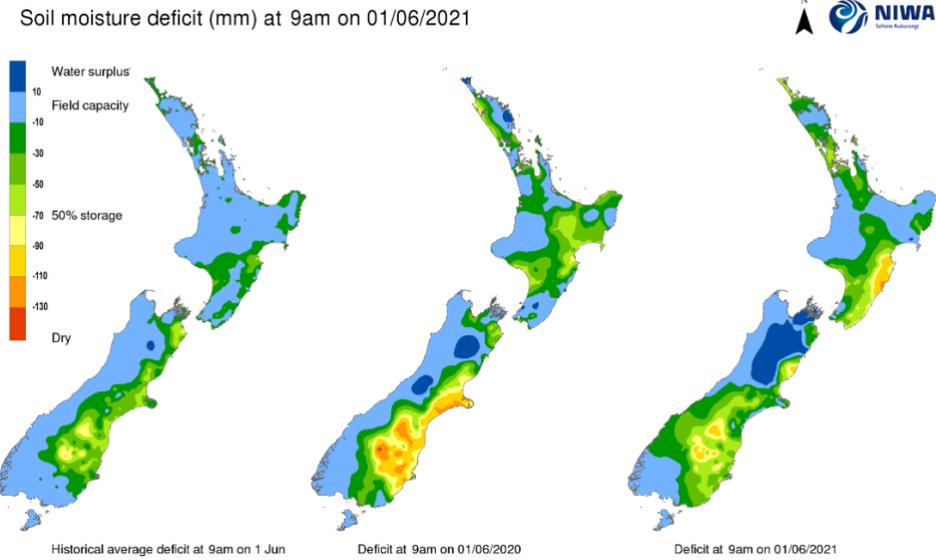


Figure 3 Soil Moisture Deficit - June



Source: National Institute of Water and Atmospheric Research Ltd (NIWA)



Sheep

Total Sheep -0.8%

Overall, the total number of sheep decreased an estimated 0.8 per cent (199,000 head) on the previous year to 25.83 million at 30 June 2021.

Region Numbers

North Island -0.3%

The total number of sheep decreased 0.3 per cent (32,000 head) to 12.42 million at 30 June 2021.

Northland-Waikato-BoP

Total sheep decreased 3.8 per cent to 2.90 million head, the first time the region has dropped below three million total sheep. Numbers decreased due to both fewer ewes (-2.5%) and hoggets (-6.7%). A similar number of lambs were tailed in the spring of 2020 compared with the spring of 2019. Favourable conditions in summer and autumn 2021 enabled lambs to be sold at better weights and farmers took advantage of good processor prices. During late autumn the store lamb market soared due to exceptional returns, which combined with demand from winter lamb finishers to lead to a decline in other hoggets on hand at balance date.

East Coast

Total sheep numbers were steady on the East Coast at 6.53 million. An increased number of lambs (+0.5%) were carried over balance date (and thus aged to hoggets). These hoggets will be used as additional replacements due to reduced numbers being carried over in the previous year. The hoggets are also being carried over balance date as slaughter

returns in early spring 2021 are likely to be inflated with processing contracts offered for up to \$10/kgCW.

Taranaki-Manawatu

Total sheep increased 2.8 per cent to 2.99 million, with increases across all sheep classes particularly hoggets (+7.0%). Winter and spring 2020 were very mild which improved feed levels across the region. Survivability of lambs of lambing was good with minimal losses reported by farmers.

South Island -1.2%

The total number of sheep decreased by 1.2 per cent (167,000 head) – to 13.41 million at 30 June 2021.

Marlborough-Canterbury

Total sheep were down 1.7 per cent to 5.73 million head, largely driven by a reduction in the number of ewes. While livestock farms reduced sheep numbers, mixed cropping farms helped to limit the regional decline. Cropping farms reversed the 2020 trend towards wintering dairy stock and instead increased hogget numbers in line with plentiful store lamb supply, rising lamb schedule prices and strong confidence in finishing margins.

Otago-Southland

Total sheep decreased 0.9 per cent to 7.68 million head, driven by the reduction in numbers of hoggets on hand. There was a small increase in hoggets in Otago (+1.0%) while Southland significantly reduced hoggets (-7.9%). Processor prices rose rapidly in [when], and it is possible that some ewe hoggets will be culled in spring 2021 if prices are high.

Breeding ewes -0.5%

The number of breeding ewes decreased 0.5 per cent to 16.48 million compared with the previous June.

North Island -0.5%

In the North Island, the number of breeding ewes decreased 0.5 per cent to 7.67 million.

Northland-Waikato-Bay of Plenty decreased 2.5 per cent to 1.86 million. Notably the region's breeding flock has declined by 25 per cent since 2015-16. The decline was predominantly driven by hill country farms where farmers chose to increase their cattle-to-sheep ratio and culled deep into their flocks driven by strong published prices for prime ewes throughout 2020-21. Culling was also influenced by rising shearing costs and poor returns for wool, in addition to reduced pregnancy scanning or ability to employ scanners in a timely manner and hence more liberal culling.

East Coast decreased 0.2 per cent to 3.93 million. For the second year running, the decline was largely attributed to a period of drought, which persisted into late May in central areas of the region. Finishing properties experienced the greatest decline in ewe numbers (-3%) as these properties tend to be in the areas most affected by drought.

Taranaki-Manawatu increased 0.9 per cent to 1.98 million. There are indications of a stabilising ewe flock after steady declines over the past 10 years.

South Island -0.6%

In the South Island, the number of breeding ewes decreased 0.6 per cent to 8.81 million.

Marlborough-Canterbury decreased 1.6 per cent to 3.28 million, amidst difficult weather conditions throughout the season. Ewe number reductions began before weaning for dryland farms in North Otago and South Canterbury in a very dry spring with poor pasture growth. Other districts cut breeding flock numbers by mating time due to dry weather. Rain in summer or autumn came too late to restore confidence or winter feed supplies so ewes were not replaced. Mixed cropping farms continued to reduce breeding flocks in favour of trading sheep, especially winter lamb finishing.

Otago-Southland breeding ewe numbers were steady with a 0.1 per cent increase to 5.53 million. Numbers increased by 2.5 per cent in Southland but decreased by 2.0 per cent in Otago, which was affected by dry conditions in autumn at the same time as excellent prices and led to more ewes being culled. The largest decreases were seen in hill country breeding finishing farms, and in the high country. In contrast, breeding ewe numbers increased in Southland with a higher number of hoggets retained last season entering the flock. Breeding finishing farms on the plains saw the greatest increase in ewe numbers.



Hoggets -0.6%

The total number of hoggets at 30 June 2021 is estimated at 8.40 million, down 8.1 per cent.

North Island +0.3%

The total number of hoggets increased 0.3 per cent (347,000 head) to 4.43 million at 30 June 2021.

Northland Waikato-BoP

In Northland-Waikato-Bay of Plenty, the number of hoggets on hand at balance date decreased by 6.7 per cent to 946,000. More hoggets were able to reach ideal mating weights this season compared to last when drought conditions prevailed. Hill country farms led to the decline for the region because fewer trade hoggets were held over balance date and also fewer ewe hoggets were on hand at 30 June.

East Coast

East Coast hogget numbers were steady with a slight increase of 0.5 per cent to 2.45 million. More ewe hoggets were mated in an attempt to mitigate the expected fewer lambs being born from a smaller ewe flock.

Taranaki-Manawatu

The number of hoggets increased 6.9 per cent to 1.04 million. The percentage of ewe hoggets run-with-ram was similar to last season at 34 per cent. It was anticipated that greater numbers would be mated this year due to more favourable pasture growth and higher weights at tupping, however strong published prices for prime stock resulted in greater trading and processing of hoggets.

South Island -1.6%

The total number of hoggets decreased 1.6 per cent (120,000 head) to 4.18 million at 30 June 2021.

Marlborough-Canterbury

Marlborough-Canterbury decreased 0.6 per cent to 2.24 million. Ewe hogget numbers declined more markedly (-7.8%) while other hoggets increased (+11.2%). Some of the apparent drop in the number of replacements intended for the ewe flock may reflect better distinction between breeding and trading stock.

Otago-Southland

Otago-Southland decreased 2.7 per cent to 1.99 million. Otago's hogget numbers increased (+1.0%) driven by retention of ewe hoggets potentially to stabilise the flock next season. Other hoggets in Otago decreased, most being trade stock on high country farms. Southland hogget numbers decreased substantially (-7.9%). The decline in Southland occurred primarily on breeding finishing farms on the hills, and to a lesser extent on the plains. Fewer trade hoggets on hand indicate tight supply in spring.

The proportion of ewe hoggets run-with-ram was slightly lower in Southland and slightly higher in Otago compared to last season. Some farmers decided to stop mating hoggets to reduce workload. In Otago, more hoggets that reached target weights were mated to fill the gap left by reduced ewe numbers.

Outlook for Lambing 2021

Ewe condition

Overall, the body condition of ewes during mating was average to good across the country. However, body condition of two-tooths was reportedly more variable.

Northland Waikato-BoP

Mixed Age ewes were in reasonable condition throughout the region, reports from farmers on two-tooths however were mixed. If pasture growth and climatic conditions remain favourable lambing results should be near or better than spring 2020.

East Coast

The outlook for lambing in the spring of 2021 remains positive for most, with ewes in reasonable condition (despite a dry autumn). An increased number of hoggets were mated, although this is not expected to have a material effect on total lambs born as mating conditions were not optimal, and neither was ewe hogget condition. Current pasture levels are behind where farmers would ideally like them.

Taranaki-Manawatu

Given a positive weather outlook, 2021 lambing is expected to be similar to 2020. Soil temperatures only dropped below 12°C in July, which meant pasture growth through early winter was steady. Crop utilisation was also excellent. Parts of Northern Rangitikei had lower-than-normal feed, and water levels in dams. With a 0.9 per cent increase in ewe numbers and good scanning percentages, it is estimated the lamb crop could be up 1-2 per cent on last year.

Marlborough-Canterbury

Ewe lambing percentages were expected to be normal to below average (assuming no weather disasters). Combined with reduced ewe numbers, this points to a reduced lamb crop in spring 2021. Hoggets were also expected to contribute fewer lambs than in 2020, due to reduced numbers mated.

Otago-Southland

Reduced ewe numbers will potentially result in a reduced lamb crop in Otago this spring with increased hogget mating unlikely to offset reduced ewe numbers. In addition, pregnancy scanning rates are likely to be lower in Clutha District.

The lamb crop in Southland is expected to increase this spring because of the increased ewe flock and acceptable scanning results. As always in southern South Island, weather conditions at lambing will have a significant impact on results.

Scanning

Lambing percentages in spring 2021 are estimated to be 1-2 percentage points above last season according to farmers and veterinarians.

Northland Waikato-BoP

Scanning results have generally been positive. Anecdotal reports indicate results around 4-5 percentage points above last year. The improvement is likely due to better feeding conditions in the autumn. However, some parts of Waikato experienced a significant lift in facial eczema spore counts in late autumn. The impact of this has yet to be fully realised.



East Coast

Early scanning were good, sometimes better than expected. However, as scanning progressed results were mixed. This reflects an extended dry period in autumn as ewe condition was compromised because feed supplies were limited. This resulted in increased single pregnancies. After two comparatively tough autumns, two-tooths appear to have suffered, which was reflected in poorer scanning results for this age group.

Taranaki-Manawatu

Scanned-in-lamb results increased from 2020 results for many farmers across the region, with some farmers reporting a 10-20%percentage point increase due to excellent mating conditions. There were exceptions with some areas around northern Rangitikei experiencing drought conditions. There were reports of increased numbers of triplet-bearing ewes leading to potential management issues in the spring.

Marlborough-Canterbury

Ultrasound scanners reported average-to-good ewe body condition and average scanning results for most

farms from mid-Canterbury and further south, with a few disappointments on dryland farms that were slow to sell 2020-born lambs. Responses to grain feeding were evident, with better results on dryland farms that supplemented ewes pre-mating.

Mid-Canterbury north to Marlborough results improved marginally on 2020 although, again, some individual farms suffered poor results, reporting results down 5-10 percentage points. Scanning variability was generally greater across the region although few farms scanned above their recent averages.

High country scanning was yet to be done but results in the dry Mackenzie District were expected to be average or below.

Otago-Southland

Scanning begins in Southland in July. Early results from Clutha District were mixed with some farms recording a significant decrease, influenced by dry conditions at tupping. Scanners reported an increased number of singles and fewer dries and multiples.

Ewe condition was more variable than last season.

In Southland, scanning results have generally been on a par with previous seasons.

Lamb crop +1.6%

The North Island lamb crop is estimated to increase 3.1 per cent to 11.13 million head.

The South Island lamb crop is estimated to increase by 0.3 per cent to 12.12 million head.

Overall, the number of breeding ewes was down, and some regions reduced their hoggets run-with-ram numbers. Scanning results were more favourable than expected in some areas affected by drought that extended from summer into late-May.

In South Island regions, spring feed will be reliant on climatic conditions, with spring lambing conditions being a key factor determining the final lamb crop, which will be reviewed in November when Beef + Lamb New Zealand's Lamb Crop Survey is completed. Table 3 shows the trend in the number of breeding ewes and total sheep.

Table 3 Trend in Sheep Numbers

	Breeding ewes (million)	% change	Total sheep (million)	% change
June				
2011	20.48	-6.0	31.13	-4.4
2012	20.41	-0.4	31.26	+0.4
2013	20.23	-0.9	30.79	-1.5
2014	19.78	-2.2	29.80	-3.2
2015	19.07	-3.6	29.12	-2.3
2016	18.14	-4.9	27.58	-5.3
2017	17.76	-2.1	27.53	-0.2
2018	17.16	-3.3	27.30	-0.8
2019	16.85	-1.8	26.82	-1.7
2020	16.57	-1.6	26.03	-3.0
2021e	16.48	-0.5	25.83	-0.8

e estimate | Source: Beef + Lamb New Zealand Economic Service, Statistics New Zealand

Table 2 Sheep Numbers at 30 June

	Actual 2019			Actual 2020			Estimate 2021			% changes 2021 on 2020		
	Ewes to Ram (m)	Total Hoggets (m)	Total Sheep (m)	Ewes to Ram (m)	Total Hoggets (m)	Total Sheep (m)	Ewes to Ram (m)	Total Hoggets (m)	Total Sheep (m)	Ewes to Ram (%)	Total Hoggets (%)	Total Sheep (%)
Northland-Waikato-BoP	2.088	1.068	3.257	1.908	1.014	3.011	1.860	0.946	2.897	-2.5	-6.7	-3.8
East Coast	3.998	2.690	6.859	3.931	2.438	6.527	3.925	2.451	6.527	-0.2	0.5	0.0
Taranaki-Manawatu	1.975	1.012	3.051	1.869	0.970	2.912	1.886	1.037	2.994	0.9	7.0	2.8
North Island	8.061	4.769	13.167	7.709	4.421	12.450	7.672	4.435	12.417	-0.5	0.3	-0.3
Marlborough-Canterbury	3.331	2.365	5.921	3.331	2.256	5.831	3.278	2.242	5.732	-1.6	-0.6	-1.7
Otago	3.023	1.190	4.408	3.041	1.166	4.374	2.980	1.178	4.313	-2.0	1.0	-1.4
Southland	2.430	0.812	3.327	2.489	0.825	3.374	2.554	0.760	3.367	2.6	-7.9	-0.2
South Island	8.784	4.367	13.655	8.861	4.247	13.579	8.812	4.180	13.412	-0.6	-1.6	-1.2
NEW ZEALAND	16.845	9.136	26.822	16.570	8.668	26.029	16.483	8.615	25.829	-0.5	-0.6	-0.8

Source: Beef + Lamb New Zealand Economic Service, Statistics New Zealand



Beef Cattle

Total Beef Cattle

New Zealand +2.5%

The number of beef cattle increased 2.5 per cent, or 98,000 head, to an estimated 3.98 million. Growth in the North Island was offset by reduced numbers in the South Island.

North Island +5.4%

Total beef cattle increased by 5.4 per cent to an estimated 2.78 million. Increases occurred in all regions mostly driven by dairy beef rising two-year-old cattle (R2).

Northland-Waikato-BoP

The number of beef cattle increased 7.7 per cent to 1.36 million, driven by a significant increase in older trade cattle (+36%). A softer store cattle market for most of 2020-21 meant that cattle traders were more interested in purchasing heavier cattle, which they could turnover quickly, rather than younger cattle.

Hard hill country farms had relatively stable numbers of cattle (-0.5%) with a decline in older cattle (-4.7%). The hard hill country farms in the region struggled to regain pasture covers throughout the year, which led to the slight decrease in beef cattle numbers. The number of beef cattle on hill country farms increased (+9.6%), some of which was restocking after drought in 2020. Finishing farms increased cattle by 2.9 per cent, on average, across all livestock classes. This group of farmers has also moved away from younger cattle in preference for older stock, due predominantly to market uncertainty

and therefore the ability to offload this age of cattle more rapidly.

Farmers have been cautious around the outlook for beef and the general lack of feed throughout the region.

East Coast

Total beef cattle numbers increased by 3.0 per cent, or approximately 28,000 head. This is due to an increase of R2 or older cattle. There are several drivers for this:

- 1) properties impacted by bovine tuberculosis have replaced dairy grazing animals with bull beef;
- 2) an aging farmer population combined with poor wool prices have encouraged farmers to move to stock classes that require lower labour input;
- 3) the flexibility of older stock to act as a "release valve" and be traded, fed supplements or sent off farm for grazing when feed levels are low;
- 4) a dry autumn restricted liveweight gains, meaning more animals were carried over balance date; and
- 5) weaner cattle were less favoured to thrive in dry conditions.

As older cattle failed to meet desired weights, trades to younger animals have not been completed, which was reflected in a 6.6 per cent reduction in the total number of weaners on hand.

A lack of profitability in the calf rearing industry may reduce the number of young dairy-origin beef animals. It is expected that milk powder prices will increase in line with dairy prices. Dairy farmers are expected to rear fewer bull calves for sale due to better returns from having the milk in the vat

and the lack of surplus labour required to complete this job.

Taranaki-Manawatu

The total number of beef cattle increased 4.0 per cent to an estimated 465,000 head. An increase in weaner calves on hand, up 5.0 per cent, was largely driven by dairy weaner finishing. Increasing prices for prime cattle, heading towards \$6/kgCW, boosted farmer confidence.

South Island -3.6%

The number of beef cattle as at 30 June decreased in all regions decreased by 3.6 per cent to an estimated 1.20 million head.

Marlborough-Canterbury

Total beef cattle numbers reduced 3.0 per cent to 737,000 head, as the reduction in the number of breeding cattle was more than the increases in other classes. Finishing cattle wintered in 2020 were processed during 2020-21 and not fully replaced. Some Marlborough farmers appeared to have reduced cattle numbers and replaced them with sheep.

The number of weaners carried into winter decreased 2.1 per cent overall but with marked differences between farm classes. High country and hill country farms retained more of their homebred weaners, possibly in response to disappointing prices (especially for heifers). In contrast, the number of weaners was down on the finishing-breeding farms and mixed cropping farms, the types of farms that typically buy and finish dairy-beef cattle.

Calf-rearing was notably reduced, and farmers indicated they were unlikely to

return to previous rearing numbers, due to poor returns and *Mycoplasma bovis* concerns. This is likely to make four-day-old dairy calves harder to sell in spring 2021 and reduce the future supply of dairy-beef finishing cattle. While beef breeders saw this as positive for beef weaner prices, it remains a challenge for the dairy sector aiming to reduce bobby calves.

Otago-Southland

Total beef cattle numbers decreased 4.5 per cent to 464,000 in Otago-Southland. Decreases occurred in both regions, with numbers declining more in Otago (-5.9%).

Weaner cattle on hand decreased in all farm classes across both regions except hill country breeding farms. Some of these farms chose to retain weaner heifers rather than accept low sales prices offered. The largest decrease in weaner numbers was on high country farms where fewer own-bred calves were retained, and fewer weaner Friesian bulls were bought in.

The number of other cattle decreased across all farm classes in both regions except high country farms. More weaners last season flowed through to higher numbers of other cattle on hand this year. The backlog for cattle processing in autumn was shorter than 2020, so most heavy cattle left farms before 30 June. This was particularly evident in Otago.

Margins for calf rearers sourced from dairying have been slim for the last two seasons with some deciding to reduce numbers or exit.



Cows Mated

New Zealand -0.9%

North Island +0.2%

Northland-Waikato-BoP

The number of breeding cows increased 1.3 per cent to 253,000 head, primarily on hill country farms. This rise however does not offset the decline in the previous year of 9.9 per cent. Farms in the region have been severely impacted by drought and land use change, which contributed to the previous season's significant decline.

Hill country farms are driving the increase in the breeding cow herd with a 1.8 per cent lift. On average, these farms have changed their sheep-to-cattle ratio in particular by increasing the number of beef breeding cows.

East Coast

Breeding cow numbers across the region have declined by 1.0 per cent, a loss of about 3,000 head. Continued poor pasture growing conditions have reduced available forage for this class of stock, and the lack of feed supplement available has forced farmers to reduce cow numbers.

Taranaki-Manawatu

Breeding cow numbers were relatively stable, increasing 0.9 per cent to 116,000 head. A decrease in the proportion of R2 heifers run-with-bull compared to last year, results from an increase in trading heifers being carried over. In aggregate, the number of R2 heifers run-with-bull were similar to the previous season.

South Island -2.8%

Marlborough-Canterbury

Mated cow and heifer numbers in Marlborough-Canterbury declined 6.7 per cent to 219,000 head. Reductions were mostly on finishing breeding farms, which have historically sold cows in response to dry conditions, and hill country farms.

In contrast, high country farms increased breeding cow numbers, but this was partially offset by fewer 15-month-old heifers being mated due to dry conditions. The percentage of R2 heifers mated dropped from more than 50% in 2020 to less than 40% in 2021. Although heifers were well grown by mating time, farmers were already concerned about poor winter feed crop establishment and reduced feed conservation limiting feed supplies for pregnant heifers in winter. Most of these farms retained the heifers with plans to mate them in 2021 but they remain a flexible class that could be sold in winter or spring if necessary.

Otago-Southland

The number of beef breeding cows increased 2.4 per cent to 183,000 head in Otago-Southland, continuing a trend that has been evident for more than five years. Numbers in Southland were stable, so the increase was driven by Otago hill country and high country. Prices for beef breed weaner calves recovered from the substantial drop in autumn 2020 because of restrictions due to the pandemic. Steer weaners sold well in comparison with heifer weaners.

The proportion of R2 heifers run-with-bull increased in Otago but was similar to the previous year in Southland. Not all heifers that are run-with-bull are retained as replacements because "over-mating" is common to allow selection decisions. In addition, some farms run once-bred heifer systems.

Outlook for 2021 Calving

Calving percentages are expected to be lower than 2020 for most regions.

Northland-Waikato-BoP

Hopes are for a similar number of calves to 2020 with concerns that cow condition may have affected conception rates due to drought and a poor winter in 2020. Pregnancy testing results across the region have been mixed. Around 30 per cent of R2 heifers were mated, an increase of around 2 per cent. These additional calves will help to maintain total calf numbers.

East Coast

The outlook for calving is mixed. Reduced numbers indicate a younger cow herd with two dry autumns compromising cow condition. After the two dry seasons, supplementary feed reserves are at low levels, which may impact calving should pasture feed conditions worsen with additional feed hard to procure. As for lambing, the prospects for a prolific calving will be influenced by favourable weather conditions in late winter and spring.

Taranaki-Manawatu

Excellent weather conditions during mating combined with excellent cow condition will likely result in a superior calving. This is supported by positive pregnancy testing reports from veterinary practices. A slight increase in breeding cows and similar numbers of heifers run-with-bull points to an increase in total calves this spring.

Marlborough-Canterbury

Total calf crop for 2021 is expected to be down in line with fewer cows and heifer numbers mated.

While most farms recorded in-calf rates similar to previous years, a few individuals recorded very poor results due to bull failures, low cow condition (especially in areas with minimal spring pasture growth) and health issues including Bovine viral diarrhoea (BVD) which can cause reproductive losses.

Otago and Southland

Breeding cows are largely located in the hills. A generally favourable season has resulted in adequate feed levels for them. Cows are generally in average to good condition. An increase in the number of breeding cows is expected to lead to an increase in the number of calves born this spring.

Table 5 Beef Cattle Trend

June	Breeding cows (million)	% change	Total beef cattle (million)	% change
2011	1.05	-5.8	3.85	-2.6
2012	1.06	0.7	3.73	-2.9
2013	1.02	-3.8	3.70	-1.0
2014	1.01	-0.7	3.67	-0.8
2015	0.98	-3.0	3.55	-3.3
2016	0.95	-2.9	3.53	-0.4
2017	0.98	2.4	3.62	2.4
2018	1.03	5.4	3.72	2.9
2019	1.10	7.3	3.89	4.5
2020	1.07	-3.4	3.88	-0.2
2021e	1.06	-0.9	3.98	2.5

e estimate | Source: Beef + Lamb New Zealand Economic Service, Statistics New Zealand

Table 4 Beef Cattle Numbers at 30 June

	Actual 2019			Actual 2020			Estimate 2021			% changes 2021 on 2020		
	Breeding Cows/Heifers (m)	Total Weaners (m)	Total Beef (m)	Breeding Cows/Heifers (m)	Total Weaners (m)	Total Beef (m)	Breeding Cows/Heifers (m)	Total Weaners (m)	Total Beef (m)	Breeding Cows/Heifers (%)	Total Weaners (%)	Total Beef (%)
Northland-Waikato-BoP	0.277	0.433	1.277	0.250	0.397	1.264	0.253	0.350	1.361	1.3	-11.8	7.7
East Coast	0.300	0.285	0.972	0.289	0.281	0.925	0.286	0.262	0.953	-1.0	-6.6	3.0
Taranaki-Manawatu	0.125	0.154	0.459	0.115	0.143	0.447	0.116	0.150	0.465	0.9	5.0	4.0
North Island	0.702	0.872	2.707	0.653	0.820	2.637	0.655	0.762	2.780	0.2	-7.1	5.4
Marlborough-Canterbury	0.239	0.236	0.724	0.235	0.253	0.760	0.219	0.248	0.737	-6.7	-2.1	-3.0
Otago	0.102	0.088	0.267	0.100	0.094	0.276	0.105	0.084	0.260	4.4	-10.6	-5.9
Southland	0.062	0.072	0.192	0.078	0.074	0.210	0.078	0.071	0.204	-0.2	-3.9	-2.8
South Island	0.403	0.395	1.183	0.414	0.421	1.246	0.402	0.403	1.201	-2.8	-4.3	-3.6
NEW ZEALAND	1.105	1.267	3.890	1.067	1.242	3.883	1.057	1.165	3.980	-0.9	-6.1	2.5

Source: Beef + Lamb New Zealand Economic Service, Statistics New Zealand



General Comment

Land use

New Zealand

Afforestation of grazing land falls into two categories.

- 1) Whole farms converted to forestry with the loss of annual livestock production replaced by future log revenue expectations for harvest forestry and/or Emissions Trading Scheme (ETS) credits for carbon sequestration. There is also the sale of displaced capital livestock in the year of actual conversion to forestry.
- 2) Within-farm mosaic of afforestation on selected areas that may or may not impact on livestock numbers carried on the farm.

Beef + Lamb New Zealand commissioned an independent [report](#) to establish the conversion of farmland area to forestry. This covered the period from 1 January 2017 to 31 December 2020 and reported 92,100 ha of whole farm conversion to forestry (66%), of which 14,300 ha was manuka, and within-farm forestry planting of 47,400 ha (34%). This totalled 139,500 ha, which implies an average of 39,800 ha land use change to afforestation per year.

Since the report was completed, the Overseas Investment Office (OIO) approved new forest areas from 1 January 2021 to 30 June 2021 that totalled a further 9,900 ha.

In practice there has not been the tree seedling stock available to have planted this area. The Ministry for Primary Industries (MPI) estimated new planting of 19,000 ha and

replanting of 44,000 ha for 2020 (see Table 4 in MPI's [report](#)).

This means there continues to be a slower decrease in capital livestock and their production than the new afforestation areas indicate. Had the total new afforestation area of 149,400 ha immediately displaced capital livestock from 1 January 2017 to 30 June 2021, around 1.0 million stock units would have been displaced. However this has not yet happened. In this period, total stock units have remained static at 42 million.

This implies there will be a turn-off of capital livestock as land set aside for new afforestation is planted that will be reflected in future livestock decreases.

Northland-Waikato-BoP

Planting of pine trees across the region is starting to affect livestock numbers. Frequently, hill country farms offered for sale receive expressions of interest from forestry businesses (or those planning to plant trees for carbon credits). These businesses are often well-resourced and frequently offer a higher price than a competing sheep and beef farmer. This is creating significant concern with farmers worried about their local communities and the future.

Environmental planting continues to gain momentum, especially with farmer-led catchment groups who are proactively leading positive environmental outcomes. Regional councils are funding land retirement, which farmers are utilising on land that contributes the least to producing food and fibre, or erosion-prone land.

Dairy grazing is still an important income stream for a number of sheep and beef farms. The number of dairy cattle grazed has remained stable. Farmers continue to be cautious about traceability due to *Mycoplasma bovis*.

East Coast

Better-located land continues to be converted to lifestyle blocks, orchards, and arable crops. With new apple varieties providing returns of \$125,000 per hectare, traditional sheep and beef returns cannot compete on suitable ground. The growth in sales to forestry seems to have slowed over the past twelve months as the impact of forestry conversions becomes better understood by government and communities.

Taranaki-Manawatu

The major land use change across the region continues to be farmland being replaced with commercial (or carbon) forests. Carbon farming incentives have encouraged some farmers to exit the industry and some to partially diversify into more forested areas.

Afforestation will impact stock numbers over the next few years as capital stock are sold and processed from these farms.

Marlborough-Canterbury

Marlborough continued to lose grazing land to vines. Lifestyle block development further encroached onto food-producing land around towns and cities.

In Canterbury, cropping farmers reduced the amount of land planted in milling wheat due to changes in grain purchase arrangements, which eroded farmer confidence in expected returns.

Damage to soil and crops in late May from rain will further reduce supplies.

Cropping farms reversed the winter 2020 trend of replacing dairy cows with winter lambs as farmers chose the certainty of high grazing payments over uncertain lamb margins. This season, trading lamb numbers rose while dairy numbers, especially heavier stock such as pregnant heifers and cows, declined. Strong lamb margins and lower soil compaction risk were major factors. The improvement of lamb-handling facilities this year suggests farmers expect this trend to continue.

The sale of large North Otago farms for carbon forest planting met public opposition in Waitaki District where farmers and local communities were very concerned about loss of biodiversity, fire risks and decreased inflows to waterways, including some used for irrigation. Some irrigators could expect to lose access to water if rivers failed to meet the minimum flows required.

Otago-Southland

Intensive winter grazing is currently embedded in farm systems as farms rely on high quality forages grown through summer and fed in winter. Implementation of rules and regulatory consent was delayed for one year which has given farmers the opportunity to demonstrate improved practice. Regional councils have been actively monitoring winter grazing activity with good results.

Reductions in GHG emissions and what that translates to on farm have not progressed far yet. Mitigations for reducing methane emissions seem limited for sheep and beef farms, apart



from reducing stock numbers. Planting trees seems to be the main option for off-setting long-lived gases. Both strategies threaten future stock numbers and productivity gains are not likely to be sufficient to offset losses.

The numbers of dairy cattle grazing on sheep and beef farms was relatively stable across survey farms. Conversion of sheep and beef farms to dairy platforms has stopped, and it is difficult to gain consent to graze dairy stock if the land has not previously grazed cattle.

Seasonal Conditions

Northland-Waikato-BoP

It was a dry spring with near or below average rainfall, which delivered easy lambing and calving conditions. No significant storms occurred, and spring was mild. Lamb survival was excellent. Above average rainfall occurred in November, which was welcomed by the region's farmers and gave a last-minute boost to pasture covers, resulting in a surplus that was able to be conserved.

Contractors in some locations were still cutting silage in December however pasture covers were tightening up into January. Farmer morale around feed supply was better than the previous year due to higher stocks of supplementary feed on hand. In Waikato and King Country summer was dry with tight feed levels. In Waikato, facial eczema spore counts were high with muggy conditions. Towards the end of January flystrike also became a concern.

The maize silage harvest ran smoothly with long periods of fine weather enabling about 85% of the crop to be harvested by the end of March. Contractors battled to employ enough skilled machinery operators, given the restraint on overseas workers due to ongoing impacts from COVID-19. Farmers described maize silage yield and quality as well above average.

Facial eczema spore counts continued to climb throughout autumn in Waikato, King Country, and Bay of Plenty, as conditions remained unseasonably warm. Rainfall was below average across the whole Northern North Island in May and early frosts started to occur in the southern parts of the region. The maize grain harvest went smoothly with yields reported to be about 10 per cent above the previous year's harvest.

June was mild and dry before rain at month-end, which helped create ideal pasture growing conditions and was well received by farmers. A so-called "grass market" ensued, particularly for store lambs chased by traders hoping to take advantage of late-winter lamb contracts on offer.

East Coast

Feed supplies were tight at 30 June, with pasture covers lower than desired for the time of year. A mild 2020 spring and reduced stock numbers led to good levels of supplementary feed being made. However, a dry autumn and natural disasters in other regions resulted in on-farm supplementary feed reserves being utilised or sent to other regions. Farmers will need another kind spring to enable good lambing and calving results.

Taranaki-Manawatu

Winter and spring of 2020 were very mild which improved feed levels across the region. No major storms were reported. Survivability at lambing was good with minimal losses. Lambing percentages averaged 133 per cent, a record for the region.

Surplus pasture on low-lying farms was converted into supplements in the form of baleage and hay.

Summer was again very conducive for farming because warm temperatures were mixed with regular rain allowing grass to continue to grow through February and March. Summer crops and new grasses achieved excellent growth rates.

Farmers expected facial eczema to be a challenge over autumn due to higher-than-normal pasture covers and dead matter in the pasture sward, however it was only a minor issue.

Early winter conditions were excellent. A few large rain events in Taranaki and Manawatu over June had minimal impact. Winter crop utilisation was excellent with minimal soil damage reported.

Marlborough-Canterbury

Stock reductions reflected difficult conditions throughout much of the season. Low winter feed supplies limited ewe and cow numbers, heifer mating, the number of lambs carried through winter, and finishing cattle.

Dry spring conditions in southern districts (including Waitaki, Waimate, Timaru and Mackenzie) delayed spring growth and limited peak pasture production. Little or no pasture was conserved as hay or silage.

Lack of feed forced early de-stocking, with lactating ewes and their lambs sold 'all counted' before weaning or weaned early with ewes sent for processing pre-Christmas. Lambs for processing were drafted lighter than usual. More lambs were sold store pre-Christmas, especially in North Otago and South Canterbury, with some farmers initiating on-farm lamb sales at weaning. Some farmers delayed winter crop sowing because to retain pasture for lactating ewes, while others sold stock to plant crops.

Rain in January provided limited respite because dry weather returned for late summer and autumn. Further store lamb sales were made to save pasture for winter. These lambs were in demand from winter lamb finishers including mixed cropping farms, buoyed by rising schedule prices.

Banks Peninsula suffered dry conditions throughout the season, requiring a drop in stock numbers and no re-stocking before winter. Some farmers were able to secure grazing outside the district, but others had to send breeding stock for processing.

North Canterbury and Marlborough battled dry conditions and persistent northwest winds in late spring and summer. Some farmers sold capital stock. Autumn rains offered limited growth to boost winter feed supplies.

Supplementary feeding began early in many areas. Winter feed crop yields were disappointing on dryland farms, while some autumn-sown feeds (e.g., annual ryegrass) failed and were resown in cereal greenfeeds. Grain remained readily available but bulk winter supplements (e.g., hay, baleage) became expensive and hard



to source in late autumn-winter, especially after flooding in mid-Canterbury destroyed some stocks and boosted demand. Grazing demand exceeded supply and concerns for *Mycoplasma bovis* risks limited farmer uptake for cattle grazing.

Flooding in late May caused severe damage to farmland and infrastructure such as bridges, roads, fencing, irrigation, and water supply in mid-Canterbury. Clean-up and repair work on the worst-affected farms (especially clearing shingle) will continue for weeks or even months. Fencing and water infrastructure were most urgent. The May floods also caused localised damage in Hurunui and Waimakariri districts. Lees Valley was among the worst affected with road access cut by a major slip.

Otago-Southland

Farmers reported the season was far from easy with a cold and wet spring, a feed surplus and resulting loss of pasture quality in January, and a drier-than-average autumn for many. The dry conditions had the biggest effect in Clutha District, but Central Otago and parts of Southland were also affected.

Unfavourable conditions in spring delayed the establishment of new pastures and winter feed crops as soils remained wet and cold. As a result of these conditions, very few paddocks used for winter grazing were sown by 1 November, emphasising the impracticality of the proposed sowing dates in Essential Fresh Water legislation. Winter feed crops struggled to establish with some crops needing to be resown. Crop yields

were variable. Lucerne stands struggled in Central Otago where weeds became a problem because of the slow spring, and first harvest yields were low.

Timely rain in January led to pasture growth rates surging and surplus feed was made into supplements of hay and baleage.

Dry conditions in autumn compromised pasture covers leading into winter. Rain came late in the season. Some farmers reported pasture growth in June greater than April and May combined, indicating how dry it was in autumn. Less nitrogen fertiliser was applied in autumn because conditions were unsuitable and soil temperatures had decreased.

More livestock than usual were sent to graze off-farm because of feed constraints. This applied mostly to ewe hoggets, but also some ewes and a few cows. There was a greater number of grazing stock both on- and off-farm in the southern South Island survey sample at 30 June this season.

Economic Conditions

Northland-Waikato-BoP

Mutton prices were strong throughout the season. Livestock transporters commented in spring that the number of ewes processed was higher than previous years, particularly in November when the main shear begins in the region. This indicated that farmers culled ewes rather than shearing them and took advantage of the excellent processor prices. This contributed to the decline in the number of breeding ewes on hand at 30 June 2021.

Published prices for new season prime lamb started at \$7.00/kgCW, lower than the previous year, and bottomed out at \$6.50/kgCW. Subsequently, prices improved and in winter contracts from some processors reached \$10.00/kgCW (for delivery late winter). However, lambs must fit a tight specification and penalties are significant. As at the end of June, the published prime lamb price was \$7.80/kgCW with quality lines achieving a premium of 50 cents a kgCW.

For most of the season, the store lamb market was trading at levels similar to 2019-20, however in late May and into June competition spiked with prices over \$100/head and up to \$140/head.

Cattle prices peaked in October at \$5.40/kgCW with premiums for quality cattle. Published prices declined to \$4.80/kgCW in March and April before lifting again to \$5.40/kgCW in June with a premium of 20-35 cents/kg CW.

Store cattle generally sold at prices lower than the previous season. Farmers were cautious in their outlook for beef and there was a general lack of feed. Mild conditions in autumn and early winter with some rainfall in June, spurred a grass market into action and a last-minute lift in store cattle prices.

Wool returns were abysmal all season with a minor lift at the end. The disjoint between shearing costs and wool returns is the bane of the sector. Some farmers have switched to Wiltshire rams, and this past season some have also switched to Wiltshire ewes. However, farmers are also factoring in the value of lambs and sheep foregone by giving up years of genetic gain and shifting to Wiltshires,

a shift might mean the cost of lost revenue exceeds the benefit from reduced shearing.

East Coast

With wool returns being at historic lows and shearing costs at all-time highs, farmers are reducing ewe numbers to mitigate against shearing costs. Where possible, lambs were sent to processing plants woolly and ewe shearing patterns changed (fewer shearings). Cattle numbers have increased, particularly with older trading cattle, as this provides flexibility within the farming system should extremes in feed conditions occur. This class of stock also requires relatively little labour input, with skilled labour an increasingly scarce resource on farm.

Short-term forecast returns for lamb, mutton and beef are at elevated levels. This encouraged farmers to retain stock in order to maximise weights and thus returns. There would seem to be few restrictions on overweight lambs and hoggets, encouraging farmers to take these animals to higher carcass weights.

Taranaki-Manawatu

Both the sheep and beef markets have responded positively after deterioration caused by COVID-19 in 2021. There is some real positivity being generated in the sheep sector with mutton schedules continuing to exceed expectations and high winter lamb prices in June (~\$8/kgCW). Some early spring lamb contracts are in place for \$10/kgCW.

Farmers have embraced some of the challenges of last year's COVID-19 disruptions with an increase in private



sales and selling prime to the sale yards rather than direct to processors.

The wool industry has continued a steady decline over the past 12 months with the cost of shearing now above the wool returns farmers receive. Interest in fleece-shedding sheep, in particular the Wiltshire, has increased as farmers look to reduce shearing costs.

Prices for prime steers and heifers were above the same time last year around \$6/kgCW in June. *Mycoplasma bovis* has had a minimal impact on the region to date.

Marlborough-Canterbury

Worldwide effects of COVID-19 impacted product prices and processing space throughout the season. Lamb and beef prices were lower than 2019 as international demand remained subdued. Deer prices were severely depressed due to lack of international restaurant trade for high-end product, with ewe prices higher than deer prices (per kgCW) as China's demand for mutton remained strong.

Delays in empty shipping containers arriving in New Zealand led to pressure on processor storage space. Processors responded with reduced operating hours, extending waiting times for all classes of stock.

Rising prices for lambs boosted profit margins for winter lamb finishers (typically mixed cropping farms), leading to increased store lamb demand and prices in winter 2021. Minimum prices in contracts for lamb ranged from over \$9/kgCW (delivered in October) to over \$7.50/kgCW (delivered in December).

Poor returns to calf rearers depressed the number of dairy and dairy-beef calves that were reared from calves born in spring 2020 and autumn 2021. Reduced weaner numbers will likely reduce trading cattle supplies from spring 2021 and potentially beef weaners in autumn 2022.

Wool remained a contentious issue among farmers with some keen to see the return of a wool levy while others investigated wool-shedding sheep. Premiums for finer wools kept wool revenue well above shearing costs for half-bred and Merino flocks but shearing was a loss-making exercise for crossbred flocks. More crossbred farmers opted to shear lambs themselves or not to shear trading lambs at all.

Parasite resistance to triple-active ingredient anthelmintics was increasingly prevalent. In some cases, resistance was transferred to finishing farms with store lambs from affected breeding properties; others developed resistance through poor on-farm practice.

Otago-Southland

Tight feed conditions affected lamb growth rates and carcase weights up to Christmas. The number processed before Christmas was ahead of the same time in 2019-20 as farmers de-stocked due to early warnings of a La Niña weather pattern with predicted dry conditions.

Rain in January was followed by a lull in processing as the urgency to move lambs off farm decreased. Carcase weights gradually increased through peak season before falling in autumn.

A backlog for processing cattle occurred as cull dairy cows competed for space alongside prime beef cattle in autumn. A few farmers have changed stock policies to avoid this bottleneck, e.g. selling store stock or choosing to farm other stock classes. Delays in processing occurred due to a shortage of chiller space and shipping containers. Staff shortages also had an impact on types of cuts.

Processor prices were lower for all stock classes compared to 2019-20. This reflected weak international demand for premium cuts as the world continued to grapple with the effects of the COVID-19 pandemic. Lockdowns affecting the restaurant sector continued in many export markets.

Average prices received from processors for adult sheep have exceeded the returns for lamb in southern South Island this season.

Crossbred wool prices reached all-time low levels and wool returns were generally exceeded by shearing expenses. Prices for crossbred wool rose at season-end and reached pre-COVID-19 levels, essentially rising from disastrous to terrible. Fine wools were priced higher but shearing expenses consume a larger portion of the value of those clips.

Fertiliser prices rose steeply in June 2021 with some products such as DAP and urea up to 40% more expensive compared to twelve months earlier. Superphosphate prices increased but not to the same extent. Fuel prices have also risen. Interest rates remain historically low but are likely to begin rising as inflation increases.

Farmers are more confident about prospects for next season. There is more confidence about the world starting to reopen as COVID-19 vaccines are rolled out. However, that optimism is tempered by the reality of price increases for key farm inputs and environmental expectations that imply significant capital expenditure.

Other

Northland-Waikato-BoP

Continued rollout of government regulation and concerns for what may come next continues to weigh heavily on farmers' minds. Farmers report feeling as though they are being hammered into submission. This is causing concern on many levels including the mental health and wellbeing of farmers and the willingness of young people to enter the industry, e.g. because of uncertainty about the future of farming.

East Coast

The impending ban on live cattle exports will reduce farm incomes for a limited number of farm businesses that supply this trade, and for some farmers this will have a considerable impact.

Environmental concerns have many farmers front-footing budget allocations for 2021-22 for riparian fencing and planting, in conjunction with investment in water reticulation systems.

For some farmers restocking post-drought, there has been a bias towards cattle because high prime adult sheep prices have increased ewe prices. This is making the initial



Stock Number Survey



investment in stock, and the returns provided comparable between the species, with bovines having the additional benefit of no wool production and lower labour requirements.

Taranaki-Manawatu

Dairy grazing numbers remain steady on sheep and beef farms.

The venison industry has continued to be impacted from COVID-19 with declining sales to traditional Northern Hemisphere markets and prices falling to below \$6/kgCW. Velvet returns have remained strong with \$120-140/kg being offered. Some deer farmers have reported a shift from deer to sheep due to poor returns for venison.

Ongoing changes to environmental regulations are of huge concern to farmers. Winter cropping offers a challenge for some farmers due to the consenting and consultation process over the next 12 months. Further detail and policy updates are expected later in the year.

The speculation around carbon farming and an increase in environmental regulations will put further pressure on hill country farming over the next few years as farmers assess the viability of exiting the sheep and beef industry.

Marlborough-Canterbury

Farmers remained very concerned about the practical effects of recent legislation, especially around freshwater management, winter grazing and biodiversity. Interpretation of the legislation would have major implications as farmers feared

“Te Mana o te Wai” would rule out renewals of existing agricultural water resource consents. Such risks also affect potential sale value of farms when buyers are uncertain about future management or development restrictions.

Large parts of high country and hill country were identified as “outstanding natural landscapes” or “significant natural areas (SNAs)” with limitations on future development or land use change. While feeling pressure to plant trees to offset carbon emissions, some farmers found they would need resource consent to do so.

Canterbury farmers with existing Canterbury Farm Environment Plans were frustrated with government farm planning changes, which meant that after investing significant amounts of money they now face uncertainty on meeting new standards. They remained hopeful that government might use the Canterbury plans as “models” for regulatory requirements elsewhere.

Changes to the drinking water standards and a proposed new structure for managing drinking water supplies, would be challenging to rural districts with a large number of small community water schemes where most of the water was used by livestock. Schemes with few households but large water volumes were expected to face cost increases that were difficult to justify given historically good public health outcomes.

Otago-Southland

Acronyms and policy jargon are part of the daily conversation of sheep and beef farmers. The deluge of regulations and expected rate of change has caused much stress and anxiety for sheep and beef farmers. Regional councils continue work on regional policy and implementation of government legislation and regulations for fresh water. “Te Mana o te Wai” is likely to have a profound effect on farming activity in the long-term because communities will determine their vision for water and its use and food production, and agriculture, will by necessity form part of the vision. Expectations of continuous improvement in water quality measures will also likely have impacts on stocking rates and farm management practices over time.