



# Stock Number Survey

## as at 30 June 2022

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# Executive Summary

**Table 1 Livestock Summary**

	30 June 2021 (million)	30 June 2022e (million)	% change
Breeding Ewes	16.33	16.10	-1.4
Hoggets	8.56	8.84	+3.2
Total Sheep	25.73	25.78	+0.2
Estimated Lamb Crop	22.58	22.41	-0.8
Beef Cattle	3.96	3.93	-0.9

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

## Breeding Ewes -1.4%

For the year to 30 June 2022, New Zealand's breeding ewe flock decreased 1.4 per cent to 16.10 million. Numbers decreased in all regions except for Marlborough-Canterbury (+1.6%). The largest decreases were in Northland-Waikato-BoP (-4.3%) followed by Southland (-4.0%), where extended drought and dry conditions made de-stocking necessary for farmers and good pricing for mutton meant more ewes were culled.

## Hoggets +3.2%

Overall, the number of hoggets increased 3.2 per cent to 8.84 million. Mixed results occurred between regions. Hogget numbers decreased in Northland-Waikato-BoP (-7.1%) and Otago-Southland (-5.1%) due to drought. The number of hoggets increased in the East Coast (+6.8%) and Marlborough-Canterbury (+12.9%) indicating a restocking following dry conditions in summer-autumn 2021 and also more trade hoggets being held at 30 June because processor capacity had been constrained as COVID-19 affected staffing – directly and indirectly.

## Total Sheep +0.2%

The total number of sheep as at 30 June 2022 was unchanged from a year earlier at an estimated 25.78 million. East Coast and Marlborough-Canterbury regions increased total sheep (+1.5% and +5.7% respectively), largely due to extra lambs and hoggets carried into winter for processing in late winter and early spring. This reflected limited processing capacity for lambs before winter and some farmers choosing (and able) to carry extra animals after strong price indications and good late summer-autumn growing conditions. Sheep numbers in the remaining regions decreased with the largest change in Northland-Waikato-BoP with a 4.9 per cent decrease to 2.95 m.

While an increase in farm sales into forestry has not yet led to a significant reduction in stock numbers, it is expected to have an increasing impact over time. There is generally a lag between a farm sale and planting. Once land has been planted, processing statistics depend how livestock move through the system onto other farms before being sent to processing. Much depends on the circumstances on individual farms (see [Land Use](#) section).

## Ewe condition

Mixed age ewes were in good condition during mating, and at 30 June in regions that had avoided drought. For Waikato, West Auckland and Southland, ewe condition was below average, and farmers reported younger two-tooth ewes struggled more with drought conditions.

## Scanning

Overall, pregnancy scanning results were mixed throughout New Zealand with the impact of drought evident in some regions and facial eczema a concern for ewes during mating. It is anticipated that, based on scanning results, the number of ewes having conceived may be up around one percentage point on last season. This varied between Islands with pregnancy scanning rates in the North Island indicating similar lambing performance to last season while (early) South Island results indicated the average lambing percentage might increase in Marlborough-Canterbury and decrease in Otago-Southland.

## Lamb crop -0.8%

The lamb crop is forecast to decrease to 22.41 million, 0.8 per cent behind spring 2021. This is largely driven by the decrease in breeding ewes and dry conditions at mating. B+LNZ anticipates a decrease in the number of lambs born in spring 2022 in Northland-Waikato-BoP and Taranaki-Manawatū with East Coast similar to last season. We expect an increase in lambs tailed in Marlborough-Canterbury, but a decrease in Otago-Southland. Climatic conditions leading into and during

spring will impact the potential lamb crop.

## Beef cattle -0.9%

The number of beef cattle at 30 June 2022, estimated at 3.93 million, was down 0.9 per cent on the previous June. Numbers fell for all regions except East Coast, and Marlborough-Canterbury where the increase was from trading stock due to be finished in the next 12 months.

Breeding cows and heifers decreased 1.1 per cent for all regions barring East Coast (+2.5%). For Northland-Waikato-BoP Hard Hill country farms, breeding cow numbers lifted as farmers chose to reduce weaner and trading cattle numbers.

Beef cattle weaner numbers decreased 8.4 per cent with drought-affected regions plummeting the most for this class of young stock. The largest mover was Southland where total weaners decreased 23.2 per cent. Otago and Northland-Waikato-BoP had around 15 per cent fewer weaners on hand. Weaner cattle are typically less favoured during dry conditions (or drought) because hardier older stock may fare better, and farmers have limited feed available. Processor backlogs left more heavy stock on farm the amount of feed for replacement weaners.

Spring 2022 calving is likely reduced with fewer breeding cows and dry conditions compromising cow condition. Overall expectations are for a reduction in the number of beef calves born this spring (-1.2%), by 0.5 per cent for the North Island and 2.6 per cent for the South Island.

# Introduction

## Livestock numbers as at 30 June 2022

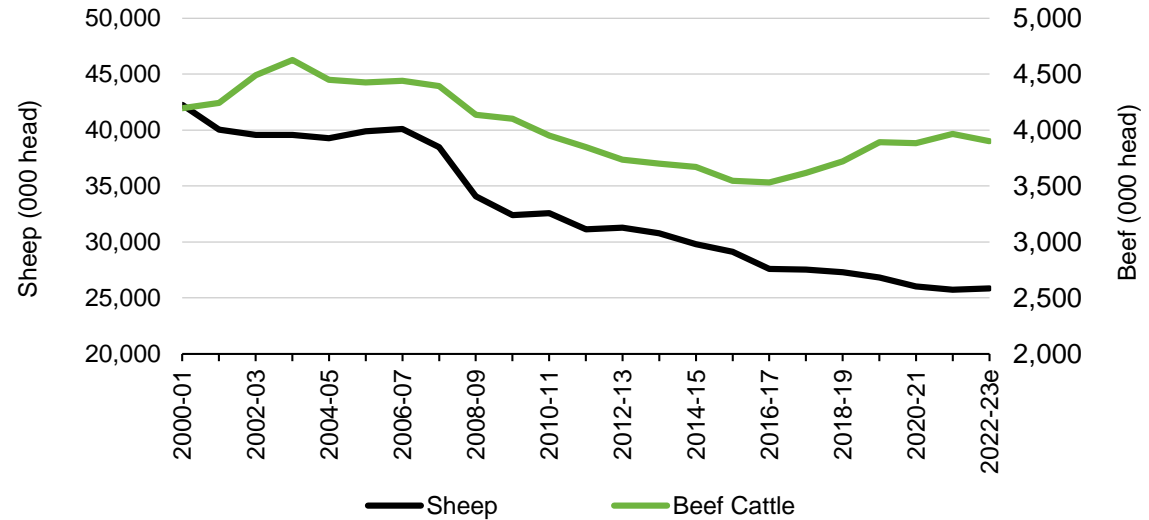
This paper summarises the results from a survey carried out to estimate the number of sheep and beef cattle on hand at 30 June 2022. This survey uses the Sheep and Beef Farm Survey framework, which is a statistically representative sample of over 500 commercial sheep and beef farms. Economic Service Managers based throughout New Zealand collect information from farms at various points during the year.

The livestock on hand at 30 June 2022 described in this report are the productive base for meat and wool production in the 2022-23 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. Statistics New Zealand data for land use (hectares) and livestock numbers for commercial sheep and beef farms is combined with survey results.

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

## 2021-22 Summer Summary

### Rainfall

Summer rainfall was below normal (50-79% of normal) for Northland, parts of Waikato and Southland, or well below normal (<50% of normal) in pockets of Kaipara, Far North and southern Southland. Above normal summer rainfall (120-149% of normal) was observed in Gisborne and parts of Otago. A wet summer was felt across Taranaki, Manawatū-Whanganui, parts of Hawke's Bay, Greater Wellington, Tasman, Nelson, Marlborough, the Grey and Buller districts and large parts of Canterbury with well above normal rainfall (>149% of normal).

### Temperature

Summer 2021-22 was the fifth warmest on record in New Zealand. Temperatures were well above average (>1.20°C above average) for the majority of the North Island. Temperatures were also above average in Nelson, Tasman, Southland and parts of Otago and Marlborough.

### Soil Moisture

Soil moisture levels were below average in most of Northland, northern Waikato, and Southland. Some regions experienced above average soil moisture levels especially along the eastern parts of New Zealand including coastal Gisborne, parts of Hawke's Bay, the lower North Island and most of the upper South Island and Canterbury.

## 2022 Autumn Summary

### Rainfall

Autumn rainfall was below normal (50-79% of normal) across Northland, Auckland, parts of Waikato, parts of Manawatu-Whanganui, 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°C to +1.20°C of average) for most of New Zealand. Pockets of well above average temperatures (>1.20°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.

Drought conditions for Southland, parts of Otago, the Waikato region, and South Auckland led to medium-scale adverse events being declared by the Minister for Rural Communities Damien O'Connor on separate occasions in autumn (March for the southern drought then May for farmers affected in the north).

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



Figure 2 Soil Moisture Deficit - March

Soil moisture deficit (mm) at 9am on 01/03/2022

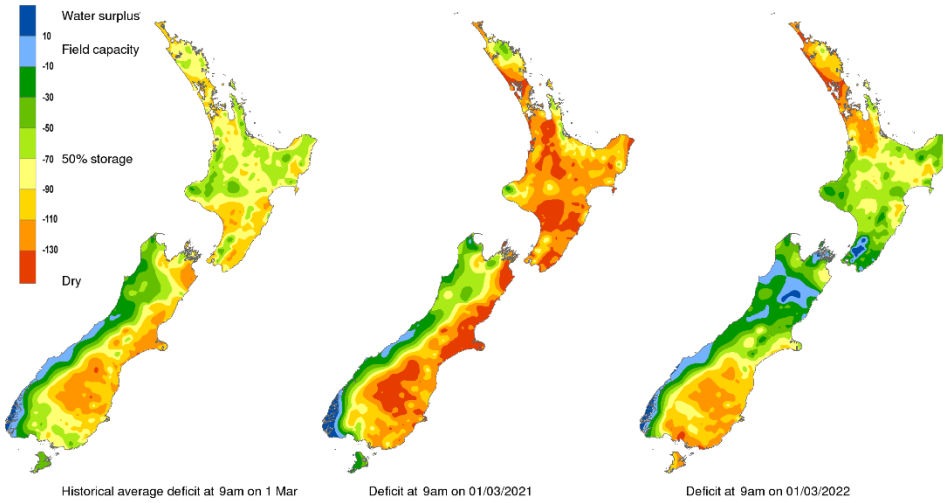
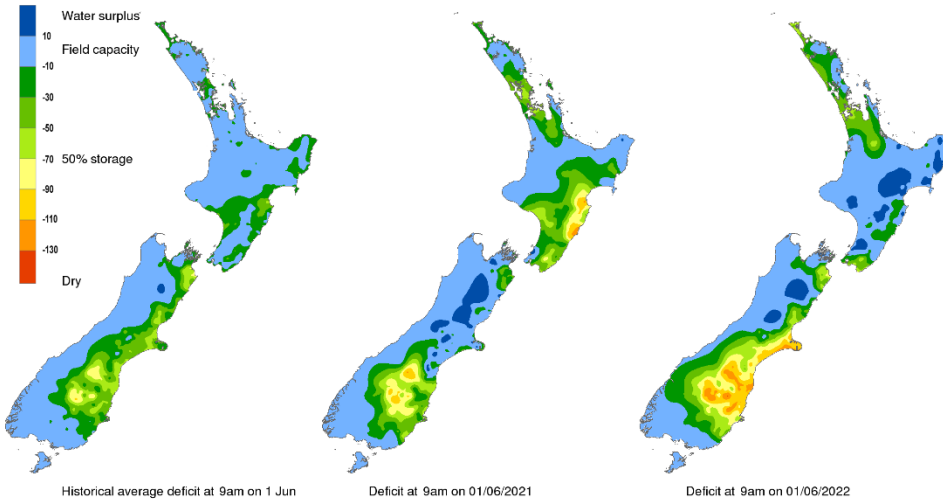


Figure 3 Soil Moisture Deficit - June

Soil moisture deficit (mm) at 9am on 01/06/2022



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



## Sheep

### Total Sheep +0.2%

Overall, the total number of sheep was relatively stable and increased an estimated 0.2 per cent (50,000 head) on the previous year to 25.78 million at 30 June 2022.

While an increase in farm sales into forestry has not yet led to a significant reduction in stock numbers, it is expected to have an increasing impact over time. There is generally a lag between a farm sale and planting. Once land has been planted, processing statistics depend how livestock move through the system onto other farms before being sent to processing. Much depends on the circumstances on individual farms (see [Land Use](#) section).

### Region Numbers

#### North Island -0.5%

The total number of sheep marginally decreased 0.5 per cent (59,000 head) to 12.63 million at 30 June 2022.

#### Northland-Waikato-BoP

Total sheep decreased 4.9 per cent to 2.95 million head. Numbers decreased due to both fewer breeding ewes (-4.3%) and hoggets (-7.1%). Ongoing dry conditions in the region took their toll with no consistent rainfall from January until May across Waikato and South Auckland.

The decline was led by hill country farms dropping 7 per cent of their total sheep numbers, followed by hard hill country farms dropping by 3 per cent. Across all farm classes, ewe hoggets were shed to the order of 12.2 per cent. Pricing for ewe lambs

that had to be finished (i.e. store lambs) has been robust this season, and farmers likely made the decision to sell more of this age group as the young animals struggled to perform in the drought conditions with a lack of protein in the sward needed for youngstock growth. Farmers struggled to finish lambs and carcass weights were behind previous years. Lambs from hard hill country farms were particularly affected.

Lambing results for spring 2021 were 33,000 head up from spring 2020. Winter and spring 2021 were kind and better lamb survival was noted.

#### East Coast

Total sheep numbers increased by 1.5 per cent to 6.59 million. While ewe numbers declined (-1.5%), hogget numbers increased markedly (+6.8%) as farmers looked to maximise returns during good pasture growing conditions while having the flexibility of stock that can be sold should adverse climatic conditions occur. These hoggets will also be used as additional replacements due to reduced numbers being carried over in the previous year.

For some farmers, internal parasite burdens severely impacted livestock growth rates. Commonly used treatments failed with increasing frequency and severity due to drench-resistant parasites. Alternative drench combinations containing the 'novel' actives derquantel or monepantel have proved effective, however high demand and constrained production of these products has meant that supplies to farmers have been limited at some times. In addition, by the time drenches are recognised as failing

there are typically very high levels of worm larvae on pasture, which continue to limit liveweight gain, even once an effective drench treatment is used. With depressed wool prices and relatively high shearing costs, sheep on some farms were carrying a heavier fleece. The combination of favourable growing conditions for lice and increased resistance to the synthetic pyrethroid cypermethrin (and side resistance to other members of that chemical family) likely contributed to production losses.

#### Taranaki-Manawātū

Total sheep decreased 0.2 per cent to 3.09 million, with fewer breeding ewes (-0.6%) balanced by relatively steady hoggets (+0.1%). Fewer trading hoggets on hard hill country farms were offset by a 10 per cent increase in hoggets on finishing farms. This trend represented a typical season where the hill country farmers sold store lambs to the finishing operations rather than trying to finish stock on the hills.

Autumn brought favourable conditions; however, winter has been wetter than normal resulting in hill country farmers destocking earlier.

#### South Island +0.8%

The total number of sheep increased by 0.8 per cent (109,000 head) – to 13.16 million at 30 June 2022.

#### Marlborough-Canterbury

Total sheep increased 5.7 per cent to 5.81 million head, largely driven by hogget retentions (+12.9%). The boost in trading hoggets was seen especially on hill country and finishing farms. Total hogget numbers include ewe hoggets retained as replacements for

ewe flocks. Most trading hoggets would be sold to meat processors from July to October, and hogget numbers at 30 June included those that were still on-farm due to difficulty getting processing space earlier in winter.

#### Otago-Southland

Total sheep decreased 2.7 per cent to 7.35 million head, driven by fewer breeding ewes and a reduction in numbers of hoggets on hand. This decrease in total sheep was more evident in Southland (-3.9%) but a decrease in total sheep numbers was also recorded in Otago (-1.7%).

Even though higher numbers of hoggets were on hand at the start of the season (2021), excellent processor prices for lamb in spring 2021 resulted in more farmers sending lambs for processing with the result that fewer ewe hoggets entered the breeding flock.

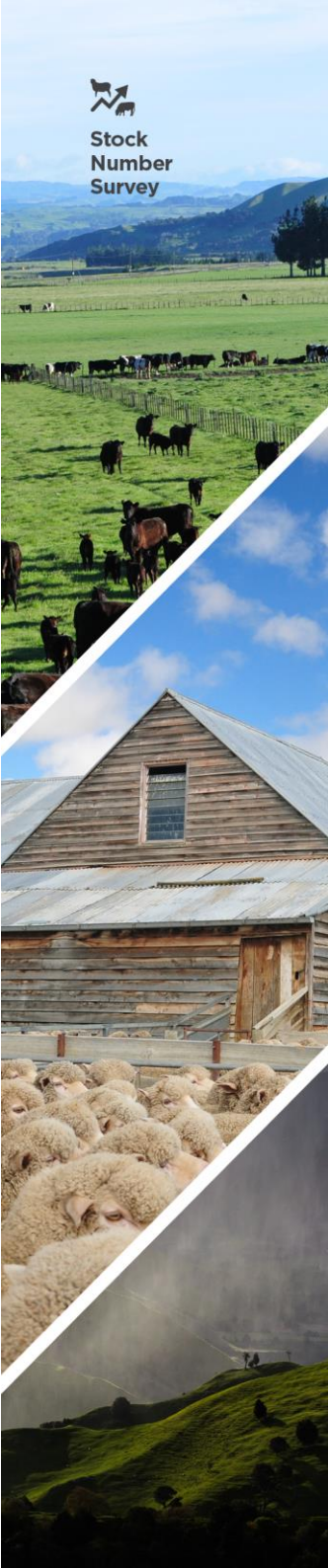
#### Breeding ewes -1.4%

The number of breeding ewes decreased 1.4 per cent (-226,000) compared with the previous June to 16.10 million.

#### North Island -2.0%

In the North Island, the number of breeding ewes decreased 2.0 per cent to 7.72 million.

Northland-Waikato-Bay of Plenty decreased 4.3 per cent to 1.93 million. The decline was predominantly driven by drought conditions in Waikato. Hill country farms felt the impact of drought and lack of feed the most, reducing breeding ewes by 6 per cent. Finishing farms fell 3 per cent while hard hill country farms held static ewe



numbers. Farmers were rewarded with prime ewe prices that remained strong all season. Pregnancy scanning technicians remained in short supply and farmers made culling decisions based on stock condition and feed supply.

East Coast decreased 1.5 per cent to 3.88 million. Hard hill country breeding properties continued to reduce ewe numbers, with fewer ewes run-with-ram in the autumn of 2022 (-2%). Hill country ewe numbers increased by 1 per cent and finishing farm ewe numbers declined by 7 per cent.

Taranaki-Manawatū breeding ewe numbers were slightly down, 0.6 per cent, to 1.91 million. This indicates a stabilising of the ewe flock as the region has maintained approximately 1.9 million ewes for the past three seasons. A slight decrease was reported in the ewes run-with-ram on finishing farms due to an increase in trading sheep. This minor decline was offset by hill country and hard hill country farms maintaining or slightly improving their ewe numbers.

### South Island -0.8%

In the South Island, the number of breeding ewes decreased 0.8 per cent (69,000 head) to 8.38 million.

Marlborough-Canterbury increased breeding ewes 1.6 per cent to 3.14 million, which reflected a strong growing season through summer-autumn after a difficult spring. Favourable conditions allowed farmers to rebuild breeding ewe numbers following two harsh and dry seasons.

Otago-Southland breeding ewe numbers decreased 2.2 per cent to

5.24 million. Numbers decreased slightly, by 0.7 per cent, in Otago. The southern regions were affected by dry conditions through late summer and autumn for a second year in succession. Farmers responded by culling more ewes, a decision which was also supported by strong prices for mutton. The greatest decreases in ewe numbers were seen on breeding and finishing farms in Southland and in Clutha District where the dry conditions had the most severe effects.

The dry season had a major impact on numbers of ewe hoggets retained for breeding in Southland, with numbers decreasing 11 per cent. In Otago, replacement ewe hogget numbers also decreased but by a much lesser margin of 3 per cent. Reducing replacement ewe hoggets was a widely used strategy to reduce feed demand during the dry conditions and to help balance the winter feed budget. Lower replacement numbers are likely to flow through to breeding ewe numbers next season.

The proportion of ewe hoggets mated in autumn was similar to the previous season in both regions, another response to the second successive dry autumn period.

### Hoggets +3.2%

The total number of hoggets at 30 June 2022 is estimated at 8.84 million, up 3.2 per cent.

### North Island +2.1%

The total number of hoggets increased 2.1 per cent (95,000 head) to 4.56 million at 30 June 2022.

### Northland Waikato-BoP

The number of hoggets on hand at balance date decreased by 7.1 per cent to 910,000. Hill country farms led the decline with 10 per cent fewer ewe hoggets and 7 per cent fewer trading hoggets. Hard hill country farms reduced ewe hoggets by 17 per cent but had 39 per cent more trading hoggets. Trading hoggets were possibly on-farm because they were unable to achieve desirable weights. Processing backlogs may also have resulted in trading hoggets being on farm longer than anticipated.

The number of hoggets run-with-ram decreased 13 percentage points on last year. Due to drought, fewer hoggets were able to reach ideal mating/tupping weights. Only 29 per cent of ewe hoggets were put to the ram.

### East Coast

East Coast hogget numbers increased 6.8 per cent to 2.57 million. More ewe hoggets were mated in an attempt to mitigate the expected fewer lambs being born from a smaller ewe flock.

### Taranaki-Manawatū

The number of hoggets was steady (+0.1%) at 1.08 million head. The proportion of ewe hoggets mated in autumn increased by six percentage points on last year. Farmers indicated they are taking advantage of the high sheep returns to maximise the number of lambs born. A favourable autumn allowed ewe hoggets to be at adequate weights before mating /tupping.

### South Island +4.4%

The total number of hoggets increased 4.4 per cent (178,000 head) to 4.27 million at 30 June 2022.

### Marlborough-Canterbury

Hogget numbers increased 12.9 per cent (+278,000 head) to an estimated 2.44 million head in total. With processor delays due to labour shortages, greater numbers of hoggets were on farm at 30 June than would be typically expected as farmers had difficulty getting space with processors. These hoggets will likely be processed from July through to October and farmers are concerned as to potential downgrading of product as livestock ages.

### Otago-Southland

Hogget numbers decreased by 5.1 per cent to 1.84 million. Within the region, total hogget numbers decreased 5.7 per cent to 1.03 million head in Otago and decreased 4.3 per cent to 810,000 in Southland.

In Otago, numbers of other hoggets on hand at 30 June were lower than the previous season as farmers chose to sell a greater proportion of store stock in response to the dry conditions.

### Outlook for Lambing 2022

#### Ewe condition

The body condition of ewes during mating and at balance date was good within regions that did not experience drought conditions in summer-autumn.

### Northland Waikato-BoP

With mixed pregnancy scanning results across the Northern North





## Stock Number Survey



Island – feed cover in spring will play a large role in the outcome for lambing. The prolonged summer-autumn drought broke in mid-May, which did not give farms time to recover before winter. Early winter was relatively mild and there was some grass recovery. Mixed aged ewes were in light to average condition, especially on hard hill farms. The reduction in stocking rates on both hard hill and hill country farms will improve feed levels. With reduced ewe numbers and fewer hoggets to the ram, the expectation is the lambing results will be behind last year. Good levels of lamb survivability require a substantial lift in pasture supplies plus favourable climatic conditions.

### East Coast

The outlook for lambing appears positive. Ewe condition is better than what would be considered acceptable for June. Average pasture covers and pasture growth rates were elevated due to temperatures being warmer than is typical in winter. Good ewe condition during early pregnancy should support lactation rates from ewes post-partum. This will underpin good lamb survival and increased initial growth rates for lambs. Lambing percentages should be similar to last year with better stock condition flowing onto higher weaning weights.

### Taranaki-Manawātū

Given a wet start to winter, early lambing is likely to be impacted across the region due to waterlogged paddocks, flooding, and low grass growth. However, if a favourable spring was to occur (similar to 2020) coupled with slightly more ewe hoggets mated and a stabilising ewe

flock, it is expected that the number of lambs born across the region will only be slightly down on last year.

### Marlborough-Canterbury

Lambing percentages were expected to be average to above average across most of the region, with increased numbers of multiple pregnancies tempered by lower survival typically achieved by triplets. Lamb numbers overall should therefore be boosted by larger breeding flocks and more lambs produced per ewe, assisted by the survival benefits of ewes in good condition.

### Otago-Southland

Reduced ewe numbers, a low rate of hogget mating, and reduced scanning percentages will likely combine to produce a smaller lamb crop this spring.

As is always the case in southern South Island, weather conditions at lambing will have the deciding impact on the final lamb crop. A reduced rate of triplet-bearing ewes often leads to reduced lamb loss in spring, although this effect is unlikely to offset the overall reduced scanning percentages being reported on many farms.

### Scanning

Lambing percentages in spring 2022 are estimated to be slightly up on last season at the national level. Within regions there were mixed results reported by farmers and veterinarians.

### Northland Waikato-BoP

Scanning results were mixed for Waikato, around 5-10 percentage points lower than last year. Feed

levels and facial eczema were contributing factors. Two-tooth ewes were under pressure through the drought and this reduced scanning rates. BoP fared better for feed and reported scanning results up 5-15 percentage points on 2021.

### East Coast

Due to exceptionally good climatic conditions, most ewes joined the ram in better than average condition. Warm and wet conditions in summer and autumn caused an increased incidence of fungal spores in rank pasture leading to facial eczema. This suppressed ovulation and conception rates. The same climatic conditions increased internal parasite exposure of ewes on some farms, further depressing conception rates. Farmers with good grazing management and those that flushed their ewes on crops were largely able to mitigate adverse conditions and achieve excellent scanning results. For other farmers, scanning results were mixed, but generally good, although younger ewes had greater dry rates. Overall scanning results appear similar to 2021.

### Taranaki-Manawātū

Scanning results were normal or slightly below normal across the region. With 2021 being a near record average lambing percentage for the region, farmers were optimistic in having similar scanning percentages this year.

The exception was hill country farms in Rangitikei and Taranaki, which reported slightly lower scanning percentages than last year with more dry ewes. Facial eczema and

inconsistent rainfall impacted grass growth at key times.

### Marlborough-Canterbury

Ultrasound scanning operators reported ewes in unusually good condition with scanning results up by 5 to 10 percentage points in most of Marlborough, North Canterbury and from mid-Canterbury south, reflecting excellent feed supplies to ewes prior to and during mating. Tasman District was the exception with below-average scanning results due to drier conditions and limited feed for mating.

Most farmers were pleased with results, although some with increased percentages would prefer fewer triplets. A few farms had surprisingly high numbers of non-pregnant ewes, especially hoggets and two-tooths, raising suspicions of disease or mineral issues. Low quality feed and zearalenone contamination in pasture dead matter may have contributed.

### Otago-Southland

Although scanning was only partially completed in June/July, many farmers were disappointed, although not surprised, with results. Dry conditions reducing pasture covers and quality, and lighter-conditioned ewes at mating/tupping, conspired to produce a lower scanning percentage for many farms. Results ranged from similar to 2021, to up to 30 percentage points lower. Some farms noted higher rates of dry ewes and most saw a reduced proportion of triplets.

## Lamb crop -0.8%

The North Island lamb crop is estimated to decrease 1.9 per cent to 10.8 million head.

The South Island lamb crop is estimated to increase by 0.3 per cent to 11.6 million head. Overall, the number of breeding ewes was down, and some regions reduced ewe hoggets run-with-ram.

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 2 shows the trend in the number of breeding ewes and total sheep.

**Table 2 Trend in Sheep Numbers**

June	Breeding ewes (million)	% change	Total sheep (million)	% change
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
2021	16.33	-1.5	25.73	-1.1
2022e	16.10	-1.4	25.78	+0.2

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

**Table 3 Sheep Numbers at 30 June**

	Actual 2020			Actual 2021			Estimate 2022			% changes 2022 on 2021		
	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	1.908	1.014	3.011	2.020	0.980	3.101	1.934	0.910	2.950	-4.3	-7.1	-4.9
East Coast	3.931	2.438	6.527	3.938	2.406	6.493	3.879	2.570	6.591	-1.5	+6.8	+1.5
Taranaki-Manawatu	1.869	0.970	2.912	1.920	1.082	3.093	1.909	1.083	3.086	-0.6	+0.1	-0.2
<b>North Island</b>	<b>7.709</b>	<b>4.421</b>	<b>12.450</b>	<b>7.878</b>	<b>4.468</b>	<b>12.686</b>	<b>7.722</b>	<b>4.563</b>	<b>12.627</b>	<b>-2.0</b>	<b>+2.1</b>	<b>-0.5</b>
Marlborough-Canterbury	3.331	2.256	5.831	3.092	2.158	5.496	3.141	2.436	5.809	+1.6	+12.9	+5.7
Otago	3.041	1.166	4.374	2.871	1.092	4.133	2.851	1.029	4.063	-0.7	-5.7	-1.7
Southland	2.489	0.825	3.374	2.486	0.846	3.417	2.387	0.809	3.284	-4.0	-4.3	-3.9
<b>South Island</b>	<b>8.861</b>	<b>4.247</b>	<b>13.579</b>	<b>8.448</b>	<b>4.096</b>	<b>13.047</b>	<b>8.379</b>	<b>4.274</b>	<b>13.156</b>	<b>-0.8</b>	<b>+4.4</b>	<b>+0.8</b>
<b>NEW ZEALAND</b>	<b>16.570</b>	<b>8.668</b>	<b>26.029</b>	<b>16.326</b>	<b>8.564</b>	<b>25.733</b>	<b>16.101</b>	<b>8.837</b>	<b>25.783</b>	<b>-1.4</b>	<b>+3.2</b>	<b>+0.2</b>

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

# Beef Cattle

## Total Beef Cattle

### New Zealand -0.9%

The number of beef cattle decreased slightly, 0.9 per cent, or 35,000 head, to an estimated 3.93 million. Growth in the South Island (+0.8%) was offset by reduced numbers in the North (-1.6%).

### North Island -1.6%

Total beef cattle decreased by 1.6 per cent to an estimated 2.73 million. Decreases were seen across Northland-Waikato-Bay of Plenty and Taranaki-Manawātū while East Coast increased total beef cattle numbers.

### Northland-Waikato-BoP

The number of beef cattle decreased 6.3 per cent to 1.25 million head. The largest loss across all farm classes was with the weaner age group, which fell 15.7 per cent. Some of this loss was offset with a shift to older trading cattle kept on farm for a shorter-term prior to finishing and thus posing less risk in terms of feed requirements and market price changes. The change in farmer purchasing and selling behaviour was driven by feed shortages and market conditions. If farms can achieve a decent pasture surplus this spring, we may see an uptick in yearling cattle purchases.

Hard hill country farms saw total cattle numbers drop 8 per cent through both weaner and trading cattle classes. The hard hill country farms in the region were hit the hardest by the drought and are taking the longest time to recover.

Hill country farms experienced a 5.3 per cent drop in total beef numbers. The pattern on these farms was generally to decrease breeding cows and weaners in favour of trading cattle.

Total beef cattle on finishing farms also decreased by 11.3 per cent. This group of farmers continued to choose older stock in preference to younger cattle, due to feed levels and market uncertainty and therefore the ability to offload older cattle more rapidly.

### East Coast

Total beef increased by 6.5 per cent to 1.02 million head. The large increase was due to a myriad of drivers:

- A rebuilding of stock numbers following two summers of drought.
- Improved control of Tuberculosis and the elimination of Mycoplasma bovis enabling farmers to confidently restock.
- The use of older cattle as a management tool to help combat drench resistance in younger animals.
- Exceptional summer growing conditions leaving a surplus of pasture.
- Limited processing space, leading to delays in cattle leaving the farm.
- Continued labour constraints due to increasing farmer age and a lack of suitable labour to do sheep-work (drenching, docking, shearing etc.) resulting in increased bovine numbers.

### Taranaki-Manawātū

The total number of beef cattle decreased 4.9 per cent to an estimated 460,000 head. All classes of farmland across the region reported a drop in weaner cattle on hand as at 30 June. Hill country farms had the biggest decline with some farms shifting policies and reducing the number of calves reared over the past season.

The number of dairy cattle grazed on sheep and beef farms was down on 2021. Strong beef cattle processor pricing and a desire to focus on owned stock rather than non-owned has been a factor. Ongoing environmental regulations have also played a part in decision-making for farmers with consents required for land use change to graze dairy cattle.

### South Island +0.8%

The number of beef cattle as at 30 June increased slightly, 0.8 per cent, to an estimated 1.20 million head.

### Marlborough-Canterbury

Total beef cattle numbers rose, by 6.2 per cent, to 756,000 head. As with sheep, most additional animals were trading stock, due to be finished and processed within the following twelve months. Weaner numbers were down 5.5 per cent (about 13,000 head) while older trading cattle rose by 20.2 per cent. Purchasing of store cattle was a balancing act for farmers as autumn feed levels and published processor prices made finishing cattle attractive with the downside risk of delays at processing plants meaning more stock could be held on farm during winter than is desirable.

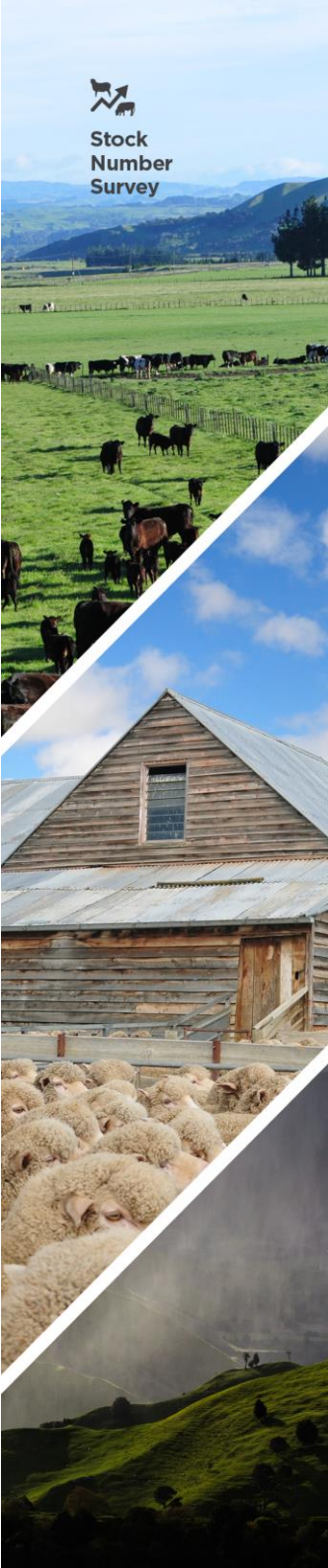
### Otago-Southland

Total beef cattle numbers decreased 7.1 per cent to 440,000 in Otago-Southland. Decreases occurred in both regions; however, the decline was softer in Otago (-2.8%) than Southland (-13.2%) devastated by the effects of a prolonged drought.

Although total beef cattle numbers decreased, the number of heavy cattle on hand at 30 June increased 22 per cent in Otago. Many of these animals were held over balance date because of backlogs at processors. In Southland, numbers of other cattle were on a par with the previous season (there were delays for processing for the same period in 2021).

Numbers of weaners on hand decreased significantly across all farm classes in both regions, with numbers decreasing 15 per cent in Otago and 24 per cent in Southland. Several factors were at play. Beef breeders sold more beef calves in the autumn, retaining fewer on farm than usual, often in response to dry conditions. Fewer dairy-sourced weaners including Friesian bulls were bought by finishers. This observation fits well with the increased processing of bobby veal in the South Island this season (+23%). In addition, with more heavy cattle remaining on farm at 30 June it meant there was less room for replacement beef weaners to be purchased by finishers in the autumn, especially so because of the autumn feed pinch.

Dairy support through the wintering of dairy cows replaced some of the loss of total beef cattle stock units.



## Cows Mated

**New Zealand -1.1%**

**North Island -0.1%**

**Northland-Waikato-BoP**

Breeding cow numbers decreased 2.1 percent on the previous year to 265,000 head. The decrease came primarily from hill country farms, which dropped 3.5 per cent. Hard hill country farms increased breeding cow numbers by 1.9 per cent, choosing to drop weaner and trading cattle numbers.

**East Coast**

Breeding cow numbers increased by 2.5 per cent. Good growing conditions encouraged farmers to retain cows to assist with pasture control. Adult bovine stock are increasingly used as a management tool to help combat parasite burdens in younger animals. With limited constraints on pasture intake during autumn and summer cow condition was described as exceptional.

**Taranaki-Manawātū**

Breeding cow numbers decreased 2.1 per cent to 122,000 head. The major contributor to the decline was from hard hill country farm. Farmers reported a focus on carrying slightly fewer cows over winter and changing to trading stock or finishing more cattle throughout the next season. Proposed environmental regulations were also mentioned by farmers as a factor in the decline in breeding cows over winter. The number of yearling heifers mated across the region to calve this spring was the same as last year.

**South Island -2.7%**

**Marlborough-Canterbury**

Mated cow and heifer numbers in Marlborough-Canterbury declined by 2.8 per cent to 214,000 head.

**Otago-Southland**

The number of beef breeding cows decreased 2.4 per cent to 159,000 head in Otago-Southland, continuing a trend that has been evident for more than five years.

Numbers of beef breeding cows and heifers decreased in both Otago (-3.0%) and Southland (-1.4%) this season. Most of the breeding herd is in the hill and high country with the greatest reductions in numbers reported from the high country this season.

The proportion of rising two-year-old heifers mated this year increased slightly compared to the previous season but was not sufficient to fill the gap left by reduced numbers of breeding cows. Not all run-with-bull heifers are retained as replacements as over-mating frequently occurs to allow selection decisions to be made. In addition, some farms run once-bred heifer systems.

## Outlook for 2022 Calving

Calving percentages are largely expected to be similar to 2021, however all regions except for East Coast have reduced numbers of cows mated and therefore the calf crop is likely to be lower this spring.

### Northland-Waikato-BoP

The conditions through spring 2021 were conducive for mating and conception. However, the breeding herd numbers have fallen 2.1% therefore fewer calves are expected this season. Pregnancy testing results across the region were favourable.

### East Coast

The outlook for calving is positive due to high cow condition scores and good levels of pasture. Some farmers reported early calving metabolic issues due to a lack of magnesium in pasture, a result of good pasture growing conditions. Good levels of supplementary feed on farm should enable farmers to manage any feed pinch points during late winter or early spring should they occur.

### Taranaki-Manawātū

With most of the region experiencing favourable conditions during mating, cow in-calf rates were reported by some veterinary practices as being on par with last year. No major issues were reported other than the occasional bull failure. Cow condition coming through the winter was very good for all farm classes due to excellent pasture growth during autumn. However, as with sheep, winter pasture conditions across the region have been challenging with reports of higher-than-normal rainfall. Surplus rain has created pugging damage, poorer-than-normal crop utilisation and flooding in low lying areas. With calving in September-October, excellent management decisions will be required to minimise the impact from the wet.

All things considered, the number of calves born this spring is expected to be down on last year due to fewer cows mated.

### Marlborough-Canterbury

The 2022 calf crop is expected to be lower than in 2021, due to the reduced breeding herd. Availability of good beef weaners may be an issue for prospective finishers in autumn 2023.

### Otago and Southland

Reduced numbers of breeding cows and heifers will likely see a reduced beef calf crop this spring. The breeding herd is largely located in the hill and high country. Feed levels were excellent up to New Year, but a lack of rain during late summer and autumn saw feed levels under pressure and some loss of condition in cows.

Table 5 Beef Cattle Trend

	Breeding cows	% change	Total beef cattle	% change
June	(million)		(million)	
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
2021	1.07	+0.0	3.96	+2.1
2022e	1.06	-1.0	3.93	-0.9

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

Table 4 Beef Cattle Numbers at 30 June

	Actual 2020			Actual 2021			Estimate 2022			% changes 2022 on 2021		
	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	0.250	0.397	1.264	0.270	0.413	1.335	0.265	0.349	1.251	-2.1	-15.7	-6.3
East Coast	0.289	0.281	0.925	0.289	0.263	0.960	0.296	0.277	1.023	+2.5	+5.3	+6.5
Taranaki-Manawatu	0.115	0.143	0.447	0.124	0.149	0.484	0.122	0.141	0.460	-2.1	-5.3	-4.9
<b>North Island</b>	<b>0.653</b>	<b>0.820</b>	<b>2.637</b>	<b>0.684</b>	<b>0.825</b>	<b>2.779</b>	<b>0.683</b>	<b>0.766</b>	<b>2.734</b>	<b>-0.1</b>	<b>-7.1</b>	<b>-1.6</b>
Marlborough-Canterbury	0.235	0.253	0.760	0.220	0.234	0.712	0.214	0.221	0.756	-2.8	-5.5	+6.2
Otago	0.100	0.094	0.276	0.101	0.090	0.275	0.098	0.076	0.267	-3.0	-15.1	-2.8
Southland	0.078	0.074	0.210	0.062	0.079	0.198	0.061	0.061	0.172	-1.4	-23.2	-13.2
<b>South Island</b>	<b>0.414</b>	<b>0.421</b>	<b>1.246</b>	<b>0.384</b>	<b>0.403</b>	<b>1.186</b>	<b>0.373</b>	<b>0.358</b>	<b>1.196</b>	<b>-2.7</b>	<b>-11.1</b>	<b>+0.8</b>
<b>NEW ZEALAND</b>	<b>1.067</b>	<b>1.242</b>	<b>3.883</b>	<b>1.067</b>	<b>1.228</b>	<b>3.965</b>	<b>1.056</b>	<b>1.124</b>	<b>3.929</b>	<b>-1.1</b>	<b>-8.4</b>	<b>-0.9</b>

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 139,500 ha, which implies an average of 34,900 ha afforestation per year.

Two-thirds (92,100 ha) was whole farm conversion to forestry, of which 14,300 ha was manuka.

One-third was within-farm forestry planting (47,400 ha).

The Overseas Investment Office (OIO) approved new forest areas from 1 January 2021 to 30 December 2021 that totalled an additional 16,340 ha and from 1 January 2022 to 31 July 2022 a further 14,700 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 45,000 ha and replanting of 50,000 ha for 2021 (see Table 5 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. The estimated area set aside for afforestation from 2017 to the end of July 2022 totals 200,000 ha. Capital livestock on this area is estimated at 1.4 million stock units. However, in this period, total Sheep, Beef and Deer stock units have declined 0.4 million with most of this decrease from June 2021 to June 2022.

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

### Northland-Waikato-BoP

Farm purchases for forestry conversion continued. Land prices were skewed accordingly. The real impact on livestock numbers has yet to be realised. The hidden costs are the demise of rural communities and labour availability.

The decline in total sheep is probably underestimated with farms continuing to sell to forestry companies. Hard hill and hill country farms sales in King Country, west coast Waikato and Northland have been destocked for this purpose.

Dairy grazing on sheep and beef farms remains stable and continues to be an important income stream. Farmers have become more discerning with contracts, still conscious of any risk of Mycoplasma bovis.

Maize crops were slow to germinate, due to colder than typical soil temperatures through October. High and increasing fertiliser prices were challenging. Farmers generally chose not to short-change their crops, but rather compromised with lighter pasture applications. By December, crops were flourishing with enough moisture and heat to arrive at tasselling in respectable condition. Maize area planted was up 5 per cent on average. By late January, the crops that had been pollinated early were under stress. Maturity was hastened by drought conditions and by the end of March, harvest was all but complete. Long fine weather spells proved helpful for rural contractors given the normal pressures of working within an ideal harvest window and the lighter contingent of overseas labour.

Maize grain yields suffered in Waikato. Early-planted crops were impacted by wet conditions at planting. Mid-season plantings fared better. Late-planted crops were hit with a dry summer, which impacted yields. The difficult growing season also created issues with weed burdens. Yields in North Waikato were generally back 10-15 per cent. The yield from a few severely affected crops was 30-40 per cent below average. BoP crops were average to above average. The plant pest Corn Earworm thrived in prolonged warm conditions and up to three generations hatched, feasting on the top of the cob. The harvest was two to three weeks ahead of a typical season.

Many farmers continue to be proactive fencing and planting native bush, and alongside waterways. Some have managed to obtain funding for these activities.

### East Coast

Aged farmers continue to leave the sector as their physical ability declines and the fortitude required to meet an increasingly regulated environment is taxing for some.

As some farmers exit the industry for retirement, others expand operations looking for improved efficiencies through scale.

Government signals and proposals are frequently changing and afford little certainty for farmers who are trying to make sense of the impact to their farming operation. Most farmers have spent money and time protecting, planting and managing trees and other vegetation on farm and would like to see recognition for carbon sequestered on their farms.

### Taranaki-Manawatū

Carbon farming continued its increasing trend as more farms were sold to purchasers intending to plant trees.

Several farmers reported planting a mix of either natives or exotic pines into low or non-grazed parts of the farms to diversify income and offset potential future greenhouse gas emissions.

Based on minimal intervention from the Government and an optimistic future for carbon prices, carbon farming will continue to be a major land use challenge to the red meat sector.

Recent land sales over the past year indicate a decrease in dairy farms across the region as some are reverted to dry stock. Gaining consent



where it has lapsed for a dairy farm is a challenge for the dairy sector.

### Marlborough-Canterbury

Farms continued to sell for large scale tree planting, primarily *Pinus radiata*, across the region. Farmers also reported increased on-farm plantings, mostly pine but with increasing interest in native plants, although the latter were described as hard to source and expensive. Many farmers were waiting for clearer signals about vegetation offset opportunities to counter on-farm methane emissions before spending large sums on stock exclusion and planting. Short supplies of pine and native seedlings limited plantings in any case.

Canterbury cropping farmers dubbed the 2022 season the 'harvest from hell' as wet weather interrupted harvesting and reduced product quality due to 'sprouting in the ear' and disease. Some crops were completely lost due to inability to get material dry or to access paddocks without causing soil damage. Late harvest delayed autumn sowing of next season's grain crops and winter forage crops for winter lambs and other stock. Farmers continued to switch between winter lambs and dairy cow grazing, the latter becoming less popular due to soil damage and, especially, public perceptions and the risk of complaints.

Biodiversity policy and the loose definition of significant natural areas (SNAs) was expected to reduce stock numbers across the region unless significant changes were made to proposed regulations. Farmers emphasised the loss of grazing land within and around SNAs if practices

such as fertiliser application and oversowing could not continue or required resource consent, even where existing practices were long standing.

Winter grazing charges, especially for dairy stock, would need careful calculation depending on decisions about liability for methane emissions. If the 'host' farmer was required to pay for the emissions while grazers were present, grazing charges needed to factor those in alongside feed production and labour costs.

### Otago-Southland

Current settings for the Emissions Trading Scheme and the Special Forestry Test provisions have made it easier for international players to pay high values for sheep and beef farmland to plant it in trees for forestry with attendant carbon income. Several farms in southern South Island have been bought for this purpose by overseas interests this year, with permanent loss of sheep and beef stock units. These changes are being noticed by many service providers and communities.

## Seasonal Conditions

### Northland-Waikato-BoP

Northland and West Auckland kicked into spring with flooding in late August. Rainfall continued to be above average for the region through to October. Temperatures were mild and pastures grew well. Waikato had steady rainfall and warm spring temperatures. Lambing and calving conditions were kind and survival rates were good.

By November, farms had surplus feed and supplements were harvested. Farmers reported early worm burdens in lambs and fly strike in ewes.

Post-Christmas rainfall was well below average for most areas. Pasture covers reduced rapidly. Farmers had good quantities of supplement on hand at this stage, so morale was reasonable.

All regions received some rain through February in the form of adverse weather events. Cyclone Dovi saw trees down, crops damaged and power outages across Waikato and BoP. Farmers had to contend with a prolonged clean-up of fence lines and races from fallen trees. Muggy conditions in Waikato and King Country caused an early spike in facial eczema spores.

Northland received heavy downpours of rain during a couple of weather events in March. BoP received steady rainfall volumes, but Waikato was dry. Pasture growth rates dropped as low as 15kgDM/ha/day. Adult stock condition was acceptable, but lambs struggled to reach finishing weights. Hogget mating was compromised and only 29 per cent of hoggets were put to the ram. Processing plants were under pressure with staff shortages and processing delays for lambs and cattle exacerbated feed pressure on farm.

Moisture finally arrived on 9 May and most areas finished the month near or above their long-term monthly average rainfall. A medium-scale adverse event was declared on 16 May for Waikato and South Auckland regions.

Many farms missed autumn applications of nitrogen-based fertilisers because of dry conditions.

Rain continued to fall through June with relatively mild temperatures Northland and BoP reached saturation point. Pastures continued to grow but Waikato pasture cover and growth was very poor. The store cattle market lifted as farmers managed to finally destock prime cattle. The preference was for older short-term cattle. Lamb traders resumed purchasing stock, comfortable that strong published prices would remain.

### East Coast

Following two summers of drought, 2021-22 was a complete contrast. For the six-month period to 30 June 2022, rainfall was close to double the historical average at 182 per cent. This combined with elevated temperatures and reduced stocking rates following drought enabled pasture covers to build ahead of livestock demand. With processing constraints, 30 June livestock numbers were elevated compared to normal.

Increased precipitation enabled farmers to graze a higher proportion of their property during summer and autumn because there were no limitations to stock water, as there had been over the previous two summers.

Due to good growth this season, hay sheds were full and other supplements replenished.



### Taranaki-Manawatu

The region had a wet start to summer 2021 with rain causing delays to shearing, cropping and other activities. Farmers reported lambs were short on sunshine for growth in order to be finished prime, and there were also reports of flooding and crop damage in December. When the water subsided and summer temperatures improved, pasture growth responded very well.

A very dry January followed, taking farms from one extreme to the next.

In general, most of the region had a more typical autumn. April was drier than 2021, which allowed for regrassing and fertiliser applications.

Facial eczema and worm burdens in young stock were mentioned by farmers across the region. The impact of facial eczema is likely to be seen during lambing.

Beef calf weaning weights were ahead of last season, which was a reflection of better cow condition over summer and grass growth through the early autumn.

Winter was much wetter than last year, which challenged farming. Crop utilisation in June was an issue due to excess rain.

### Marlborough-Canterbury

Much of Marlborough-Canterbury's increased stock numbers can be attributed to rebuilding from the previous two difficult seasons. June 2021 numbers were limited by the preceding dry conditions, which caused some areas to begin reducing ewe numbers as early as spring 2020.

The 2021-22 growing season delivered mixed results across the wide range of latitudes in the region. Spring growth began slowly with dry soils and tight feed supplies for lactating ewes and cows, especially in mid-Canterbury. Improved summer rainfall subsequently created a bumper season carrying into autumn for most of the region except for Tasman district. Some farms encountered unusually high internal parasite challenges in lambs, which are usually limited by dry summer conditions.

Lower breeding stock numbers through winter 2021 made the slow spring easier to manage because feed demand was lower than normal for the time of year. This also meant fewer animals were available to eat summer's burgeoning surplus due to the combined effect of fewer ewes rearing fewer lambs per ewe. Ewes regained body condition and lambs grew quickly but feed quality became hard to control as the summer progressed. Farmers were able to fully replenish supplementary feed for drought or winter (e.g., silage, baleage, hay) with up to two years' supply on some farms. Winter feed crop yields were up markedly compared with 2021's poor results, increasing farmer confidence regarding winter stock numbers and encouraging some farmers to retain young cattle through a second winter to boost carcass weights.

Dry conditions for most of June boosted crop and supplement utilisation elsewhere but very wet weather in July caused serious mud contamination on intensively grazed winter crops. Farmers responded by shifting feed breaks more often or

moving animals off the crop, feeding more supplement to make up any shortfall.

Excellent ewe condition at pregnancy scanning in winter was expected to boost colostrum production and enhance lamb survival if maintained until lambing. Breeding cows were also in good order thanks to plentiful autumn feed although some were likely to lose condition in July's wet conditions. Trading stock reached heavy weights earlier than usual but processing space limitations due to shipping delays and worker illness (COVID-19 and influenza) caused them to remain on farm longer.

In contrast to the rest of the region, Tasman district struggled with unsettled conditions throughout the season. Flooding events and above average rainfall in late spring, were followed by dry conditions persisting into autumn and a wet winter. Some farms were playing catch-up to get condition on stock, with feed conservation and supplementary supply reported as below average.

### Otago-Southland

Another difficult season followed the previous one. Spring was relatively slow, which impacted on lamb growth rates, but warmer temperatures brought excellent pasture growth in late spring and early summer. Most of the region was affected by dry conditions through the rest of summer and autumn putting pressure on pasture covers and stock condition. Fortunately, Canterbury and north Otago enjoyed wetter-than-usual conditions with plentiful pasture providing an outlet for store stock from the south. Large numbers of store

lambs and some cattle left the region to help balance feed supply and demand.

Processing throughput was affected by staffing levels at processors for both sheep and cattle. As the Omicron variant of COVID-19 swept through the country, many staff were affected and unable to work, particularly through peak processing weeks from February to April. Because of the dry conditions in the south, processors moved some prime stock north for processing to help relieve the situation for southern farmers. Despite all these efforts, the processing season was delayed, and stock remained on farm for longer than usual putting further pressure on feed supplies. Lamb and mutton processing volumes in the South Island during June were ahead of the same period last season, but beef processing rates were lower.

Winter feed crops established well but final yields were often subpar because the crops struggled during the dry spell. Large amounts of feed were brought into the region from points further north. Prices for feed and transport were high, however farmers had few options and needed to purchase supplementary feed. Prices for feed grain and other grain-based supplements were also high.

Autumn application of nitrogen-based fertiliser was widespread as soon as sufficient rain arrived and assisted pasture growth rates, but the window for economic response was short.

For the second season in a row, the number of stock sent off-farm for grazing was greater than usual. These were often ewe hoggets, but also some ewes and cattle.





## Economic Conditions

### Northland-Waikato-BoP

The season started well with beneficial conditions through lambing delivering an exceptional lambing percentage of 134. However, wet and cloudy spring conditions produced inferior quality grass, so carcass weights were on average lower than previous years. In December, the average lamb carcass weight in the North Island was 17kg. This was 0.43kg lower than the same period in 2020 and 0.28kg lower than the five-year average for that period. Processing volumes leading up to Christmas were down as farmers endeavoured to have stock reach ideal weights.

COVID-19 lockdowns again played havoc with sale yards trading in spring. Auckland border restrictions caused delays and disruption for stock transport, vets, and agricultural services.

Meat processors faced multiple challenges, including management of COVID-19 risk, staff shortages, higher shipping costs, and shipping delays. Backlogs at some plants for prime cattle and bull through summer and autumn were 5-6 weeks long. The Omicron COVID-19 variant put more pressure on plants, creating angst for farmers with diminishing feed reserves.

Inflation hit farmers hard this season. Prices for sheep and beef farm inputs rose 10.2 per cent in the year to March 2022. The largest increase was fuel at 54 per cent followed by the Fertiliser, lime, & seed category at 23 per cent. Agricultural chemicals,

repairs and maintenance price inputs also escalated.

Fortunately, published prices helped balance the scale. Farmgate prices were solid all season peaking in October for lamb at \$9.60/kgCW and prime steer at \$6.60/kgCW. These prices were only 5 cents less than last season's highs.

Store lamb pricing was at the mercy of feed levels this season. The previous season's lambs traded through winter/early spring at \$118-151/hd. New season lambs sold on average for \$78-\$116/hd. It was not until June, that some farms had enough feed to be able to re-enter the store lamb market. At the same time, competition arrived from maize growers whose winter annual grass plantings were ready for grazing, subsequently they too entered the market in June. Prices for June rested at \$123-\$132/hd.

The store cattle market was lacklustre given the strength of farmgate prices. Prime cattle were held on farm due to processing backlogs, plus Waikato farms were desperately short of feed through summer and autumn. It was not until June that some farms were able to restock again. There certainly was a shift in preference to older short-term cattle.

Medium-coarse wool returns improved slightly over last season's unforgettable lows. Shearing and wool-related expenses outweighed returns, which is a hard pill for farmers to swallow.

### East Coast

Global prices and market indicators continued to signal that natural grass-fed protein was in high demand.

Farmers looked to optimise returns by holding stock longer to obtain higher individual carcass weights. Price signals from processors did not indicate any discounting on heavy hoggets.

Inflation has driven cost increases across the board with dramatic movements in fertiliser and fuel prices eroding farmer returns. The marginal returns of some inputs such as synthetic fertiliser needed to be continually recalculated to ensure profitability was maintained. This will continue into spring as costs associated with summer cropping programmes continue to climb.

Concerns around agriculture in the ETS and He Waka Eke Noa (HWEN) continued to be front of mind for many farmers. Confusion as to metrics, rationale, legislation, and more has produced fear and mistrust from some farmers. Many farmers are nervous around what the actual cost on their operations will be, and when they will have to start paying it.

### Taranaki-Manawātū

Both the cattle and sheep markets have been very strong over the past season, the outlook for the next season is more of the same, especially if the NZD-USD remains low. International freight and logistical issues remain from COVID-19 and the Russian war against Ukraine.

The major challenge this season has been getting stock off farm to be processed. COVID-19 has caused major disruptions as processors have had large staff shortages.

Lamb processing in July 2022 was down around half a million lambs on the same time as last year.

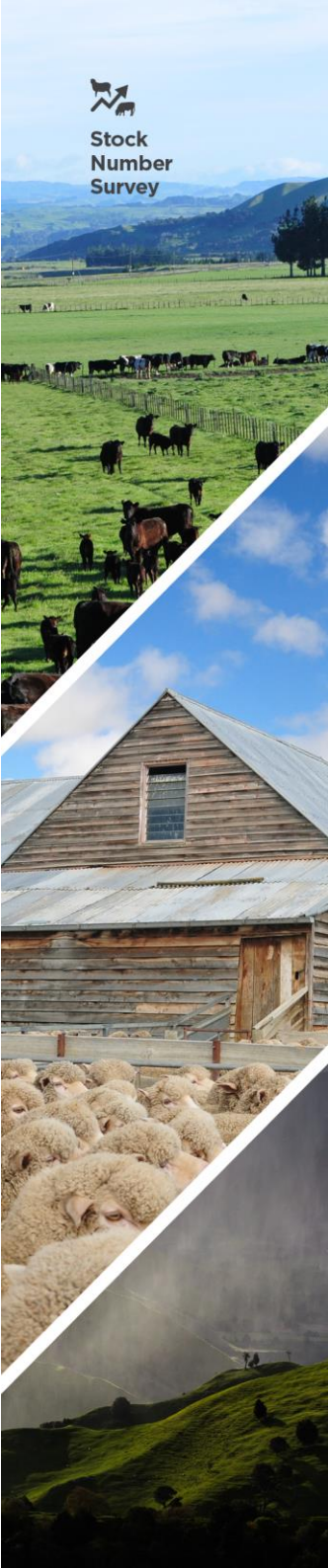
With bobby calf processing in spring, processing plants will be juggling staff and this will put further strain on the lamb processing chains.

On-farm inflation was 10.2% to March 2022 and the prices of inputs have continued to climb since autumn. The biggest increases were for fuel and fuel-related categories. Nitrogen fertiliser prices rose considerably over the past 12 months. Farmer reports indicate they will either not use fertiliser (or shift to an annual lime application) or will spend the same dollar value as last season. Either way, less fertiliser is expected to be applied on farms over the upcoming season.

Interest costs also began to rise this season, in contrast to reducing over the last few seasons. Farmers will require high sheep and beef returns to remain profitable as expenses rise.

Returns for crossbred wool remained historically low. A shift to shedding sheep has been apparent for some Western North Island farmers as they try to combat the rising cost in shearing and poor prices paid for wool.

Deer markets improved after dropping due to COVID-19 disruption of venison consumption in the fine dining sector in the northern hemisphere. Velvet returns continued to be very positive for the sector.



## Marlborough-Canterbury

Returns remained strong for both store and prime lamb vendors throughout 2021-2022. Strong processor prices for lamb and mutton throughout the season supported farmers' choices to increase sheep numbers. Store lamb prices were much higher than for similar periods in 2021, initially due to a 'grass market' in summer and sustained by rising processor schedules in autumn with contracted minimum prices for lambs in winter and spring well above \$9/kgCW. Mutton prices also remained high, supported by demand from China, but farmers chose to rebuild ewe flocks over high mutton prices. Store ewes suitable for breeding sold well on the expectation of continued strong lamb pricing.

Prime cattle prices were steadier without the major gains seen in sheep prices. Breeding herds continued to decline in favour of finishing stock. The decline in weaner numbers suggested that fewer dairy-beef calves were reared and retained for finishing, alongside a drop in beef weaners available in autumn 2022. This is likely to limit the supply of beef animals for processing in the 2022-23 season.

High input costs, especially for fertiliser, fuel and agricultural chemicals, were expected to continue to erode margins for stock and crop producers. Input prices were influenced by high international demand, reduced product availability, shipping difficulties and the relatively low value of the NZD. While livestock farmers might choose to reduce fertiliser inputs, especially on farms with a solid fertiliser history, cropping farmers could not expect to maintain

yields if nutrient inputs were cut. Similarly, agrichemicals to control pests and diseases were already used only when necessary so there was little room for discretionary reductions. Although new season grain contracts were offering over \$600/tonne, farmers commented that margins would be no better than the 2021-22 season given input costs.

Crossbred and halfbred wool prices remained disappointing. Returns for halfbred wool fell markedly in the 2020-21 season and had remained low. Smaller farms increasingly used low-value types such as crutchings to mulch trees because wool broker costs for binning and interlotting small lines were often more than half the value of the wool.

## Otago-Southland

Weather conditions at lambing in spring 2021 were neither particularly good, nor particularly bad for most, with some localised exceptions. Forecast lamb crop was broadly similar to the previous season. Tight feed conditions in spring were reminiscent of the previous season and carcass weights up to Christmas were on a par. As dry conditions began to take effect, farmers reported carcass weights declined, but as the processing backlog built up lambs remained on farms for longer and carcass weights gradually increased.

Processor prices remained favourable throughout the season. Fortunately, store stock prices were also reasonable for most, making the choice to sell store stock easier for those affected by the dry conditions.

Once again, average prices received from processors for adult sheep

exceeded the returns for prime lambs in southern South Island this season.

The perennial problem of constrained processing space for cattle was exacerbated by a reduced processor workforce this season. COVID-19 infection and isolation requirements meant many staff were unable to work, some for extended periods. Immigration constraints also affected how many overseas staff could be sourced for the season, including for specialist roles such as halal butchers. These constraints led to processors being unable to produce some value-add cuts, and being unable to recover some co-products, reducing the potential value of stock back to the farm gate.

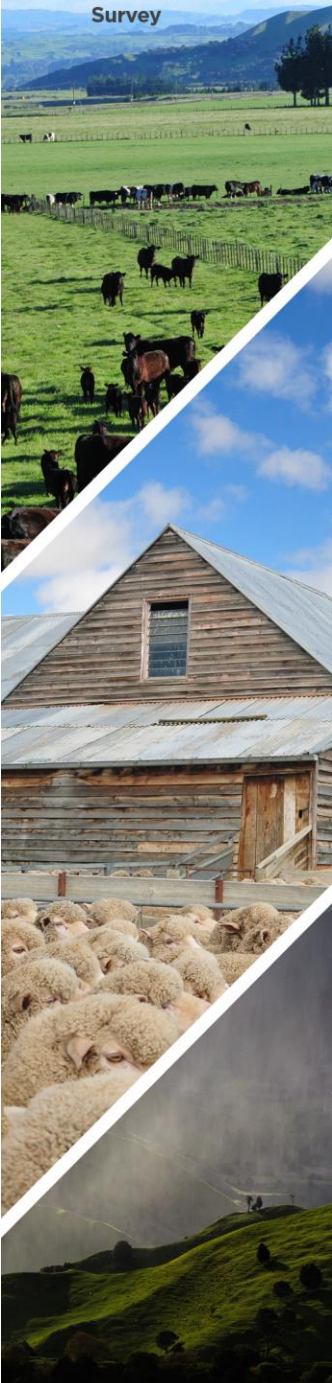
Crossbred wool prices improved from the record low levels experienced last season, but returns did not cover wool-related expenses for most strong wool producers again this season.

Inflation increased to levels not seen for decades. On-farm inflation for sheep and beef farms to March 2022 was running at 10.2%, the highest since the mid-1980s. Farm input prices increased in all expense categories bar one – electricity. Prices for fertiliser, lime and seeds rose 23 per cent while price rises for fuel, interest, and repairs and maintenance were also significant. Some fertiliser products have doubled in price compared to the same time 12 months ago.

Farmers noted that even if product prices remain where they are, profitability will be seriously affected next season. This is being addressed by careful consideration of expenditure items with some pruning

of major inputs including fertiliser likely. Some capital purchases, including machinery replacement, are likely to be deferred.

Pressure on profitability will affect the ability of farmers to respond to requirements to improve environmental measures, many remediations requiring significant capital expenditure.



## Other

### Northland-Waikato-BoP

Farmers are generally pleased with the He Waka Eke Noa (HWEN) proposal for a farm-level accounting system. However, they are reeling that so little of their native bush could be included for carbon offsets. Many farmers were exasperated by the Climate Change Commission recommending that no vegetation on farm be used for offsets via the HWEN system.

The ongoing torrent and speed of regulated change required of farmers keeps them awake at night wondering if it is worth staying in farming.

### East Coast

Processing plants in autumn reported facial eczema damage to livers as animals were processed. This raised concerns around conception rates in ewes during mating. Subclinical facial eczema is known to suppress ovulation rates and ram activity. Although ewes were generally in good condition at mating, pasture quality was in decline after a wet autumn. This resulted in larger than normal quantities of “tag” or dead litter at the base of pasture for animals to consume and thereby ingest the sporidesmin toxin that causes facial eczema.

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

### Taranaki-Manawatu

Over the past two years farmers have been overwhelmed by the volume of environmental regulation that has been passed their way from the Government. Legislation and regulation covering Essential Fresh Water, Winter Grazing, Greenhouse Gas (GHG) reporting, Biodiversity and Three Waters have all knocked farmer confidence.

The next 12 months will be a critical time for the red meat sector as farmers come to grips with the regulator changes whilst monitoring on-farm inflation.

### Marlborough-Canterbury

Shipping delays continued to affect meat processors and required balancing of incoming stock with freezer and chiller space. The flow of stock was further curtailed by absenteeism due to COVID-19 (initially) and later influenza among plant staff. Farmers found summer and autumn lamb drafts limited to a fraction of the numbers initially booked for processing. Meat processors waived penalties for overly heavy lambs when animals had to be held longer than planned.

New calf rearing rules were expected to add cost and difficulty for rearers in a sector already struggling to make reliable profits. Proposed new animal welfare requirements doubled the amount of milk required to be fed to calves up to three weeks old, from 10 to 20 per cent of calf body weight. Industry organisations have made submissions noting that young calves would struggle or be unable to consume 10 per cent of their weight in

a single feed so feeding would have to increase from twice per day to more feeds, thereby increasing labour costs along with doubling milk or milk replacer inputs over that period.

Flooding damage affected many regions, from Tasman-Marlborough in late winter 2021 to southern areas including the Mackenzie Basin, Timaru and Ashburton districts in July 2022. The northern spring floods limited feed supply and crop establishment as well as cutting access to remote farms in the Marlborough Sounds. A heavy rain event in July 2022, damaged farmland and, in some cases, destroyed flood repairs only recently completed following the flooding of May 2021. July 2022 damage included loss of road access, bridge failure, telephone and internet interruption, floodwater in buildings, silting and gravel deposition. Farmers were especially frustrated at the lack of mitigation measures on the Ashburton River where heavy gravel loads in the riverbed contributed to the river overtopping its banks and depositing gravel on high value grazing or crop land. Riparian fencing and plantings were highly vulnerable because of their necessary proximity to waterways. Farmers affected by recent floods expected insurance to be increasingly expensive or unobtainable in future.

Farmers dependent on smaller community water supply schemes remained apprehensive of the Three Waters legislation, especially effects on schemes where most water was for livestock consumption. Continuity of supply was viewed as a higher priority than perfect water quality, with farmers commenting that they would prefer to boil water but keep stock supplied than have pumps turned off

for long periods if incoming water could not meet standards for human consumption for a period. It was important for regulators to understand such distinctions and not impose urban standards on rural schemes with very different requirements.

Staff shortages were reported across all sectors from high country farms to intensive finishers and cropping farms plus associated industries such as shearing, feed conservation, transport, veterinary practices and meat processing. Some employers offered incentives such as cash bonuses for not taking days off or for attracting new employees.

### Otago-Southland

Although the Stock Number Survey does not focus on deer farming, there was an obvious decrease in the total number of deer on hand this season. Most of the farms with deer in this sample had decreased their numbers of breeding hinds. Several years of comparatively poor returns for venison is the main driver. However, future pricing of emissions from ruminant animals does not favour deer and this may also be affecting decisions.

The deluge of regulation being applied, and the rate of change expected from the sector has not slowed down. Carbon emissions from animals and the National Policy Statement on Indigenous Biodiversity (NPS-IB) were added to the long list of environment and regulatory subjects that farmers are expected to comply with. A farmer comment sums this up: “the good work that has already been done on farms never seems to be enough”.