

## Year in Review

By Jennifer Fleming, Executive Director

It is difficult to summarize all the things that the CSF has worked on and accomplished in 12 months in one concise report. But more than that, when you're in the thick of things it is difficult to gage how far you've come, how much you've accomplished or what the long term out come will be.



Last year I spoke of the lobbying efforts that the CSF conducted on behalf of Canadian sheep producers. Primarily among these were efforts to reopen the border and resume export trade of ovine products. That lobbying effort continues! We can claim limited success with the partial opening of the border for lambs under 12 months of age. However the border remains closed to breeding stock. To-date exports of lambs have been very limited with only 684 lambs and goats have been exported to the United States primarily out of Ontario. This can be attributed to strong domestic demand and changes in currency exchange rates.

It is anticipated that a second rule will be circulated for comment in the Spring of 2006. The CSF will continue to work hard to ensure that sheep are included in this rule.

The Canadian Sheep Identification Program (CSIP) continues to expand as the ATQ is running a trial with the Roxan tags and a group of producers in Manitoba are using the running a trial with the Caisley DNA tags in conjunction with the National Genotyping Project. Producers, however, are still largely choosing to use the Ketchum Kurl-Lock #3 tags. Due to the number of reports of infection, however, the CSF is recommending that producers looking for a CSIP tag for long-term use the Allflex pink dangle tags. The CSIP working group has also developed a five year strategic plan for the program that was approved at the AGM and is now available for producers to view on our website.

We continue to represent Canadian sheep producers on the Canadian Livestock Identification Agency Board which is currently working on the development and implementation of a National Premises Identification Database. CSF representatives are also working with the Canadian Animal Health Coalition on their Zoning Project and other projects of benefit to our industry. *(continued on page 2)*

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## Year in Review con't

### New scheme for West Midlands beef and sheep farmers

A new three-year program designed to help West Midlands beef and sheep farmers improve the quality of their stock has been launched by the English Beef and Lamb Executive.

The scheme will provide a mixture of on-farm technical training, seminars and study visits to help farmers ensure the viability of their businesses by boosting the reputation of livestock produced in the region.

The £140,00 (\$285,140 Canadian) Vocational Training Scheme will principally be financed by DEFRA, England Rural Development Program and the EU.

The program will be managed by EBLEX in partnership with the NFU, the West Midlands Rural Hub Network and the West Midlands Livestock Forum.

In all 75 events will be run over the three years and it is hoped that more than 2,200 beef and sheep producers will attend.

Phil Hadley, EBLEX Regional Development Manager, said: "This program of events is open to all West Midlands livestock producers and will deliver real technical solutions to improve performance.

"I encourage all producers to become involved as I believe this offers a real opportunity to improve the regions livestock businesses and is farmer driven."

Source: **Farmers Weekly**

This year saw the implementation of the National Genotyping Project (NGP) and Voluntary Scrapie Flock Certification Program (VSFCP). The goal of the NGP is to genotype 36,000 purebred sheep from across Canada over the next 12-14 months. The VSFCP is intended to assess the cost, demand for running a long term national program. The pilot program is open to 60 sheep flocks and 10 goat herds. At this time we have 10 flocks enrolled with interest from an additional 35 flocks or herds.

France Lanthier has assumed the position of National Coordinator for the On-Farm Food Safety Program. Her outline is attached and covers all the hard work she's put in to ensuring that the *Food Safe Farm Practices Program* is available to sheep producers across Canada. After completing our Technical Review, the CSF is now encouraging you to implement the program on-farm and provide France with feedback to ensure that the program is meeting the needs of producers.

Monica Séguin has agreed to continue to work for the CSF while simultaneously working on her PhD at the University of Saskatchewan and is our representative on the National Farm Animal Care Council. Her expertise in this area will be of benefit to both our industry and the Council.

We have also just been granted approximately \$775,000 for our Market Development Strategy that was submitted to Agriculture and Agri-Food Canada in September. Over the next 17 months we will work to implement this strategy to reach our goal of increasing lamb consumption by 0.25kg/person in the next five years. Remember that would translate into an increased production of 60,000 more lambs processed per year for 5 years!

The funding of the Marketing Strategy, Scrapie programs, and producer TSIP payments are all tangible outcomes of CSF and industry lobbying and cooperation. When we look back over the last 12 months I believe we can clearly see the benefit of our industry working together through the CSF to build our industry.

The sheep industry in Canada has matured considerably over the last number of years and has demonstrated its maturity in the recent months responding to the BSE. The rebounding of lamb prices and the subsequent opportunity for producers to come to making a reasonable return for their efforts bode well for our industry.

By continuing to be proactive and developing effective programs like FSFP, CSIP, and expanding marketing and promotion through continued cooperation, I believe that our industry can continue to mature and take its place in Canadian Agriculture.

# On-Farm Food Safety Update

By France Lanthier, National Coordinator On-Farm Food Safety

## Year End Review

I have now held the position of OFFS National Coordinator with the CSF for a period of 6 months. I remember the anxious feelings on my first day, and the reassuring words of my Director "its trial by fire around here... you'll be fine". Well I must admit I have escaped fairly unburned and with a wealth of knowledge and appreciation for the Canadian sheep industry. During the past months I had the opportunity to provide OFFS information sessions at the Newfoundland, Ontario and Québec AGMs. The end of 2005 was a busy time for the CSF with the highlight being the National AGM held in Ottawa November 24-25<sup>th</sup>. During these two days I had the opportunity to meet sheep producers, and Canadian sheep industry and provincial government representatives. The OFFS meeting was very productive in that it gave me the opportunity to get a good understanding of each provinces resources in terms of delivering and auditing the Food-Safe Farm Practices program. It was also a good opportunity for the provinces to assess the program delivery and sustainability requirements. This was a great leap forward as we prepare to develop our OFFS management manual.

## The New Year

So far 2006 is off to a running start. Following the AGM much progress was made in terms of producer communication. As a result a FSFP information session was held at Kemptville College in mid-January to a small but enthusiastic group (thank you to District 10 in ON). Training sessions will also be held in the following locations: Abbotsford, BC – at the Best Western February 19<sup>th</sup>, Saskatoon, SK – at the Auction Mart on February 24<sup>th</sup>, Regina, SK – at the Sandman Hotel on February 25<sup>th</sup> and Swift Current, SK – at the K Motel on February 26<sup>th</sup>.

## Taking the Odd Out of Audit

Another important subject that was discussed at the AGM was the on-farm audit. A thing that is odd is described as "left out after others have been grouped" or "not regular, expected, or planned". The goal of the FSFP audit is not to leave anyone out. Furthermore an on-farm audit should never deviate from the scope of the program, it should be expected, and definitely planned.. Our program has been developed into two tiers: the producer declaration and full accreditation.

## Producer Declaration

For those interested in this approach the program in 'increments' we are offering the option of a 'producer declaration'. In this tier a random audit process will still apply; however, the number of audits performed in this tier would be minimal, with no mandatory first audit required to get on the program. This portion is still under development as we are trying to assess what the acceptable minimal audit frequency. *(continued on page 4)*

## OFFS con't

### Full Accreditation

Under the frequency chart proposed by CFIA the audit cycle is 8 years and requires only one full (F) audit per cycle, with 4 partial audits (P) and 3 self declarations (S) in the years between assuming that the producer passes the audit and remains in the lowest risk level. The proposed frequency is the following: FPSPSPSP.

It is important to have an understanding of the function of the audit. The objective is NOT to find fault and penalize. The objective IS to verify that the program is working and identify areas that could be optimized.

2006 is off to a good start. It is imperative that we keep in mind that the Food-Safe Farm Practices program is a voluntary program at the moment. The CSF has and continues to encourage all Canadian producers to participate in a Food-Safe Farm Practices information session and to provide their feedback on the program.

## Animal Care Initiatives

*By Monica Séguin, Animal Care Representative*

I am delighted to continue to be part of the CSF as I pursue my doctorate degree in Animal Behaviour and Welfare at the University of Saskatchewan. I hope that my expertise in this area will provide your industry with the guidance needed to continue to grow and prosper in the future while improving on your already high level of animal care.

Canadian sheep producers are fortunate in that they have not only historically maintained a high level of animal care in their flocks but have also been good stewards of their land. But as technologies or management practices evolve and new information becomes available the sheep industry should also evolve and strive to for better animal care.

In the past year we have seen some developments in Canada and within the international community which are of importance to you and your flock.

- The Canadian Food Inspection Agency made changes regarding non-ambulatory animals in the *Health of Animal Act*. The new regulations prohibit the loading or transporting of non-ambulatory animals as defined as “unable to stand without assistance or to move without being dragged or carried” and cannot be transported without undue suffering during the expected journey. An easy guide can be found on the Ontario Farm Animal Council's website at [http://www.ofac.org/pdf/Cattle-Chart\\_Final.pdf](http://www.ofac.org/pdf/Cattle-Chart_Final.pdf).
- The National Farm Animal Care Council (NFACC) was formed in August and recently held its second meeting this past December. This council will provide leadership and a united voice on farm animal care issues at a national level. The council is currently composed of members from food animal industries, the government, transportation/processing/retailer sectors and the humane society. They are also entrusted with the task of developing guidelines for the development of the Codes of Practice for Farm Animals.
- Several livestock organizations have developed auditable on-farm guidelines for animal care — Animal Care Assessment Programs (Canadian Pork Council, Chicken Farmers of Canada and the Canadian Egg Marketing Agency) which will assist their producers in demonstrating to their retailers and consumers their high level of animal care and continued commitment.

## Animal Care Initiative con't

- A historic step occurred this past year as the 167 member nations of the WTO approved the world's first international standards for farm animal welfare under direction of the World Animal Health Organization (OIE) . These standards outline acceptable methods of transportation and slaughter of animals. They will provide a regulatory framework to ensure that minimum standards are met in animal transport between countries. However, it is left up to individual countries as to how these regulations are enforced.



Worldwide, animal welfare standards are increasingly being included within quality assurance programs. This trend is being seen right here in Canada with several livestock industries progressing in that direction.

As Jennifer stated in her article;

**“By continuing to be proactive and developing effective programs ...I believe that our industry can continue to mature and take its place in Canadian Agriculture”.**

Public and farmer attitudes about animal care have evolved and will continue to do so and these should be reflected within our industry. I believe that the Codes of Practice are the backbone of any Canadian animal welfare verification program as they outline the best management practices. Therefore, the sheep industry should consider reviewing and revising the Code of Practice for Sheep as they are over 10 years old and they are an integral part of this process.

As the CSF is a member of NFAACC we will have the guidelines at our fingertips to effectively and properly revise the Code based on scientific standards. In addition, we are fortunate to have internationally renowned animal welfare researchers at several Universities across the country (University of British Columbia, University of Saskatchewan, University of Guelph) to whom we could turn to for information.



# Prospering From A Changing Lamb Industry

By Martin Gooch, George Morris Centre



GEORGE MORRIS CENTRE

The volume and value of lamb consumed in Canada is increasing; particularly lamb consumed in restaurants or from take-out. Meanwhile, the size of many nations' flocks has shrunk by almost 50% in two decades. Why are these seemingly conflicting trends occurring, and why so rapidly?

Change is the only constant in business. In his assessment of which creatures best adapted to change, Charles Darwin wrote: "It is not the strongest of the species that survives, nor the most intelligent, but the ones most responsive to change". Darwin's theory of evolution is common knowledge. Less well known is that Darwin's theory was largely based on Thomas Huxley's theory of economics. Well over a century ago, Huxley had already determined that it was not the largest or most resource-rich businesses that survived; it was those that best adapted to change.

Driven predominantly by consumer behaviour and technology, the agri-food industry is changing faster now than at any time in living memory. A benefit of this change is the emergence of affluent, well educated, informed consumers that will pay premiums for food that provides a pleasurable eating experience; and producers can use this development to their advantage.



Lamb has traditionally been considered a commodity. Its quality fluctuated according to the season, genetics and management regime used to produce the lamb. As consumer expectations of lamb have increased, their satisfaction with commodity lamb has decreased, markedly. Commodity lamb, marketed on price more than quality, and which has often been intermixed with mutton at the point of purchase, is no longer the focus of many producers. Furthermore, with changes occurring in the textile and fashion industry, lamb is becoming the main reason for farming sheep. Wool has largely become a by-product; and producing commodity lamb does not provide producers with an opportunity to capture premiums from the marketplace.



The most successful lamb marketing initiatives involve producers that have worked to develop closer relationships with companies involved in supplying lamb to the consumer market. Producers placed themselves in a position where they can capture premiums from the production and marketing of differentiated high-value lamb products. They have gained access to production and market information that, in turn, allows them to improve the performance of their businesses.

Lamb marketing initiatives that have benefited producers share certain critical success factors. These include: the existence of positive relationships between producer, processor, distributor, retailer and/or foodservice operators; the identification of carcass traits demanded by the market, and the ability to produce consistent quality year-round; the ability to market, not just sell; the sharing of production and market-related information; the commitment to honour business arrangements, and follow agreed protocols without question; and, the ability to learn as a team.

Having the ability to adapt to change by improving your management activities and executing meaningful market-driven decisions can bring significant rewards. While preventing change is impossible, you can adapt your management practices to prosper from change. This includes developing the capability to compete against increasingly high quality, and consistent, imports.

Consumers' memory of poor quality lasts far longer than the memory of the price they paid. Taking advantage of this development however requires commitment, determination, and vision.

# Sheep and the Environment—Smarter Feeding Benefits Both

*By Susan Hosford, Livestock Products Branch, Alberta Agriculture, Food & Rural Development*

**W**hatever your position on climate change – warmer, cooler, drier, wetter - reducing greenhouse gases (GHG) is one way livestock producers can not only improve the environment, but also their bottom line. GHG emissions represent a loss of costly feed energy. Up to 18% of digestible energy in rations can be lost to methane production. Any action that reduces GHG emissions means that energy goes towards the production of milk, meat, and wool.

Improving animal productivity reduces emissions by reducing the number of ewes needed to produce the same amount of lamb. It increases the amount of meat produced per acre of land, which in turn increases dollars per acre. Improved animal productivity has been reported to reduce emissions per unit of product by 25-30 per cent. It's probably no coincidence that best practices for reducing GHG are similar to the tools for building better lambs:

- Genetic selection for feed efficiency/rate of gain reduces the days on feed, amount of feed needed, amount of manure produced. These have a direct affect on the profitability of a sheep enterprise. The Lakeland Carcass Sire project goal is to provide data for selecting sires for efficient production of high quality. The Monitor flock pilot project in the west will look at increasing efficiencies in large-scale flock production. The work in the project will assist in developing data, information and methods for operating larger flocks.

We already know that feeding higher quality feeds and balanced rations is critical for optimal lamb production. Fine-tuning your feeding programs also saves your pocketbook. More and more research is finding that what you feed your sheep also has a very demonstrable impact on the environment:

- Better grazing management and dietary supplementation have been identified as the most effective ways to improve efficiency and to reduce emissions because they improve animal nutrition and reproductive efficiency.
- Grain-based diets produce less methane than high fibre forage-based diets. Canadian grain finished lamb not only tastes great but offers benefits to the environment.
- Use of high quality forages (i.e. immature forages and legumes) can increase feed efficiencies and reduce GHG emissions by about 20% or more in a forage based feeding program. The bulk of livestock emissions come from animals grazing high fibre, low nutrient grasses in equatorial areas. Canadian producers have better forage options.
- Silaging, grinding or pelleting low quality forages to improve digestibility, also decreases GHG emissions per unit of feed intake by 20-40%. This is due to lowered fiber digestion and faster passage through the digestive tract.
- Plant-derived edible oils like canola oil not only add energy to the diet, reduce dust and also reduce protozoa in the rumen that produce methane.

Feed supplements like molasses and urea also aid in digestion, especially for animals on poor pasture or straw-based diets. This supplement also reduces costs when used on round bale straw / poor hay for maintenance rations for ewes.

Why bother? "Even the richest and most technologically advanced societies today face growing environmental and economic problems that can not be underestimated", particularly if our children and grandchildren are to have a decent standard of living. That quote is taken from the book "Collapse – How Societies Choose to Fail or Succeed" by Dr. J. Diamond – a very interesting read.



# From the West—Increasing Demand Means Increasing Lamb Supply

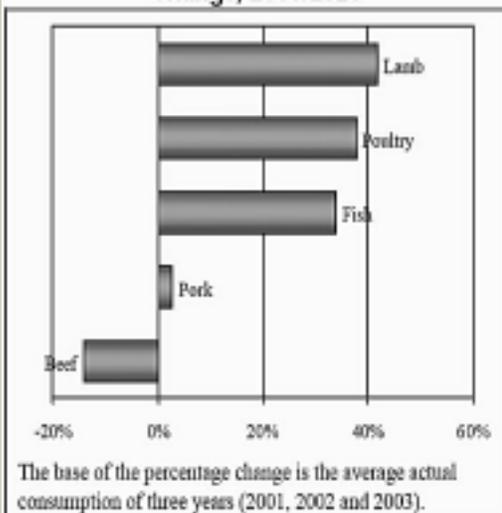
By Susan Hosford, Livestock Products Branch, Alberta Agriculture, Food & Rural Development

The Canadian Sheep Federation built a national market development strategy around one goal: to increase lamb consumption by 0.25 kg per person in the next five years. To achieve this, Canadian sheep producers must increase production by about 9% per year, roughly 60,000 more lambs per year.

Contributing to the increasing consumer demand is the demographics of immigration. By 2017 one out of every five Canadians will be a member of a visible minority: which equates to between seven and nine million people. These new Canadians come from cultures where lamb and mutton are eaten regularly.

Coupling with the growth in ethnic consumers is a large population of 'baby boomers' who are turning to lamb as they seek new dining experiences and variety. Lamb is in a good market position. Is the Canadian sheep industry up to the challenge?

Figure 7.4: Meat Consumption Percentage Change, 2003/2020



SOURCE: 'CANADIAN FOOD TRENDS – A LONG RANGE CONSUMER OUT-LOOK', PREPARED FOR AG AND AGRI-FOOD CANADA, BY SERECON MANAGEMENT CONSULTING, EDMONTON, JULY'05

In western Canada the 'Building Better Lambs' initiative is focused on improving the quality of lamb going to consumers. It started with a premium pricing grid at Sunterra Meats, the major federal processing plant here that handles about 80,000 lambs per year. Since 2002 Sunterra has moved into high value retail markets. It was found that every poor lamb cost the industry two ways: one a live market price pays the same for a poor lamb as for a good lamb and secondly, every lamb that does not fit the very narrow quality specs of the high value markets is a lost sale. High value markets offer a greater return, but expect more. Now all lambs are purchased on a carcass weight base price. Each lamb is given an index on weight, fat/GR measurement and a conformation score (the only subjective evaluation). Indexes above 100 receive a premium. Producers who have a good nutrition program for lactating ewes and growing lambs, and who use terminal sire genetics have generally been very pleased with cash returns.

It is difficult, however for producers to know which ram will produce the best premium lambs from their particular ewe flock. To develop that kind of data the Lakeland Carcass Sire project was initiated. Rams of five breeds were used in 2005 and a new group of 25 unrelated rams will be needed

for 2006. It is hoped that seed stock producers from across Canada will contribute rams again this year. All project lambs go to Sunterra Meats. Growth, grading and retail yield data will be collected. The information will be distributed to the Canadian industry. Sensory testing of the lambs is also important – we don't often have 600-700 lambs available for research, and we need to know if these lambs are going to fit consumer requirements for lamb flavour, juiciness and tenderness.

These projects that focus on meat quality are essential if we are to maintain our 50% share of the growing domestic lamb market. New projects will look at developing and growing a core group of large flocks. Similar work in Ontario is building information and management systems for large flock production. The Canadian industry must focus on consumers, on sustainable (profitable) production and on industry growth – and we must do it together. **'The competition' is not each other.**

## Structure of Wool Industry Still in Doubt

**D**irection and a reason to hope is what woolgrowers need for 2006 more than anything else.

Despite 12 months of meetings, discussions, due diligence and arguments, leaders of the industry appear no closer to resolving the future structure of the industry.

The boards of research arm, Australian Wool Innovation and marketing arm, The Woolmark Company (TWC) are still locked in uncertainty and disagreement.

Despite yet another meeting between the two last month, brokered by peak wool-grower body WoolProducers, no significant headway has been reported.

A joint statement release revealed "the group recognised the need to protect the wool industry assets which had been built up over many years and to look for opportunities to better utilise those assets to the benefit of relevant shareholders".

To this end a corporate adviser has been employed to look at various merger or integration choices before the two groups that would please the woolgrower shareholders.

The three groups agreed to meet again this month to progress the issues but the outcome has not really pleased Mr Pietsch.

"I just don't know if we can last much longer, the industry is shrinking every day," he says.

According to Mr Pietsch the fly in the ointment is a supposed bid to purchase part of the intellectual property of the Woolmark Company, namely the once world famous Woolmark logo.

"There has been scant detail about what is happening from Mariner despite the fact it has been around looking at the Woolmark since February," he says.

Mr Pietsch says it is high time for some detail from Mariner. "No bid has been announced by anyone and we are all running out of time. It is time for people to put up or shut up."

Mariner Financial Group was unable to return any calls made by Stock & Land.

Source: Marius Cuming, Stock & Land, January 5th 2006.

## Halal trade is Vital for Sheep Producers

**T**he average sheep farmer is probably unaware that the Muslim community is among the sector's leading customers. That much is made clear in a report by Tony Fowler, the senior economic adviser with the Meat & Livestock Commission.

He states: "Muslims, who eat approximately four times as much mutton and lamb as the rest of the population, consume over 20% of the sheep meat produced in the UK. They also consume a significant proportion of New Zealand sheep meat."

However, it is mutton rather than lamb which is favoured by the ethnic community, according to Fowler, who added: "In 2004, UK production of mutton – defined as meat from cull ewes – amounted to 55,000 tonnes and, when imports are taken into account, total consumption was 87,000 tonnes. An estimated 80% to 85% of total consumption was accounted for by Muslims. Past studies have indicated that nearly all ewes in the UK and Australasia are slaughtered in accordance with halal rituals."

Islamic law stipulates that all meat consumed must be slaughtered by cutting the animal's throat and allowing the blood to flow while prayers are said. Islamic tradition holds that blood is a potential disease carrier.

The market research agency Mintel estimates that the value of halal retail meat sales in 2001 was more than £400m (~\$ 815 million CAN) . If takeaways, restaurants and convenience foods are included, then total halal sales are in the region of £700m (~\$1.5 billion CAN) each year. The ability of a 4% segment of the UK population to account for almost 12% of all meat sales is therefore, according to Fowler, "hugely significant to the meat industry".

Fowler also highlights the demographic situation: "The UK is a rapidly expanding ethnic market. In the past five years the minority ethnic population has grown by 15%, compared with a rise of 1% in the white population. The minority population is expected to double in the next 50 years and by 2011 ethnic minorities will make up the majority in half the boroughs in London. Currently there are around two million Muslims in the UK."

Research conducted by Institute of Grocery Distribution indicates that the Muslim community has a mixed view of supermarkets. Almost 100% of Muslims use conventional supermarkets to purchase their main grocery requirements, but prefer to use traditional halal butchers for meat. Fowler commented: "Halal meat purchases from supermarkets are still low due to a combination of mistrust by Muslim consumers over the authenticity of the meat and limited supply lines. "However, all the large multiple retailers want to sell more halal meat and are actively trying to develop this market."

## New Zealand - Downturn Disastrous for Sheep Farmers

The resilience of the Mid Canterbury economy could be in for a stern test as sheep farmers contend with the lowest wool prices since the depression of the 1930s and plummeting lamb prices.

"It is not a pretty picture for livestock farmers," was the comment from Mid Canterbury Federated Farmers president Rupert Curd, who predicted very few sheep farmers would be in the black this season. "Profits this year will be very small indeed."

Mr Curd said crossbred wool prices were at record lows and adjusted for inflation were as low as those experienced during the Great Depression of the 1930s.

The combined impact of record low wool prices and depressed meat prices was that farmers were now facing some of the toughest economic times in over a decade.

He laid the blame at the door of the stubbornly high New Zealand dollar, which he said had cut into farmer returns by reducing the competitiveness of New Zealand farm products on world markets.

"Our only saviour now (would be) for the dollar to drop to the US\$60 to US\$65 cent range, preferably at the lower end of that range, and stay there rather than go up and down as it has in the past." Prices for 15.5kg lambs have

slumped to \$47 per head this week compared to \$60 a head this time last year while prices for 17.5kg lambs had slipped from \$68 to just \$56.

The situation with wool prices was even worse with lamb wool prices having dropped 15 to 20 per cent compared to last season, which itself was a very poor year according to Mr Curd. Lamb's wool was fetching just \$2.20 per kilogram at present.

"The prices farmers are receiving for wool at present are below production costs. At \$2.20 per kilogram we are only just covering shearing costs, let alone other production costs. It needs to be \$3.20."

Mr Curd said with the typical Mid Canterbury mixed farm having several thousand stock units, every farmer stood to lose tens of thousands of dollars in income this season: "This will have a significant effect on farmers' bottom lines, particularly with farm input costs, costs of fuel and interest rates all having risen over the past year."

He said farmers would have no option but to cut back on spending, with big ticket items such as new farm machinery likely to be first hit.

"It is quite easy for a farmer to pick up the phone and cancel an order."

Mr Curd said farmers would be examining all input costs, including insurance, to find ways to reduce costs although

fertiliser sales were unlikely to be affected at first. The impact would be felt across the whole community, with reduced farmer spending hitting towns like Ashburton.

He added that if the current market conditions prevailed some farmers could be prompted to look at what other options were open in terms of land use. "Farmers will be looking at all the options and taking some pretty good advice right now."

Braemar farmer Mark Lemon said the low returns for both lamb and wool would definitely have an impact on his spending patterns. "It will have an effect of closing down the cheque book."

He said this season he had shorn his lambs only for stock management reasons, not for the financial returns. "The works require lambs to be shorn."

While on the face of it lamb prices had only come back about 10 per cent, he said for farmers the difference could represent a reduction of up to 50 per cent in the profit margin on each head of stock killed.

If the low returns continued, Mr Lemon said he, like other farmers, would seriously look at what other land use options were open to him, including grazing dairy cows.

Source:  
[www.ashburtonguardian.co.nz/index.asp?articleid=6623](http://www.ashburtonguardian.co.nz/index.asp?articleid=6623)



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