

Media backgrounder

Merino sheep – more than wool: The New Zealand Merino Company

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New Zealand Merino (NZM) is leading a business plan aiming for targeted market research and development and targeted scientific research into breeding, phenotyping, and feed inputs to expand the current range of land suitable for merino growing and create sheep with meat, wool and other products suitable for market demands.

A government-industry partnership of up to \$36m has been agreed, with PGP funding up to \$15m over five years. Industry funding will come from NZM and contributing partners.

The problem:

Profitability in the sheep meat and strong wool sectors has been in long-term decline for some time, resulting in large drops in the national sheep flock in favour of dairy and other production. At the same time, demand for merino is close to outstripping supply in New Zealand.

The various parts of the sheep industry in New Zealand are not well integrated, and products such as lanolin, leather and milk are rarely regarded as potential sources of profit.

The solution:

The NZM business plan focuses on changing traditional commodity-based industry views and practices to adopt a business model that takes a fit-for-market approach.

For example, this could include radically changing the proportions of strong and fine wool produced in New Zealand to address steadily shrinking demand for one and growing demand for the other.

Sheep breeding, to ally good quality meat and wool traits into the same animal is part of the business plan.

The benefits:

If fully realised, the business plan is expected to generate \$868m added value to the New Zealand wool industry by 2019; total meat and wool added value would be up to \$2b by 2019.

