



Sheep milk's trade baa-gain

Kiwi producers are poised to cash-in on an emerging, international dairy market.



Sheep milk producers believe they can grow a high value, high sustainability sector over the next 15 years or so, thereby avoiding the commodity traps hobbling the mainstream dairy industry.

Currently, the contrast between the two dairy sectors is extreme. New Zealand is a world leader in the science and business of farming, processing and selling commodity cow's milk.

Commercial-scale sheep milkers run to only three operations and their yields and efficiency lag the best producers overseas.

Yet, the biggest champion of sheep milk is

Landcorp, the country's biggest farmer. Last year, it established the Spring Sheep Milk joint venture with SLC, a group of primary sector investors, led by Scottie Chapman, a former Zespri executive.

Spring Sheep's market research shows rapidly growing consumer interest overseas in sheep milk products. Among appealing attributes are higher nutrition values, easier digestion and a different taste than cow's milk.

The venture is one of Landcorp's investments to diversify from commodity dairy and red meat to

higher value, high sustainability, branded foods and agricultural products.

Spring Sheep is in its second season of milking 4,000 ewes on a Landcorp farm near Taupo. Nutritional powders from last season's milk are already sold under the Spring Sheep brand in Taiwan through a large pharmacy chain. Probiotic powder, gelato and calcium supplement tablets are coming soon.

Spring Sheep has an enormous challenge on its hands, though. Nutritional

powders from ewes' milk are essentially a new product internationally. If the venture establishes markets for it and other high value products such as gelato, it could face intense competition.

The biggest threat is from large European producers, if they are keen to diversify from their traditional products and markets. To match their efficiency and scale, the nascent NZ sheep milk industry needs to rapidly pioneer its own pasture-based farming systems and build scale.

To fast-forward progress, Landcorp, SLC and the government have formed a Primary Growth Partnership, which was launched on Thursday. Over the next six years, they will invest \$31.4 million in the project, with Landcorp and SLC contributing \$19.8 m and the government \$12.6m.

The partners' goals are to deepen consumer, product and market insights and develop high value products and farming systems.

The range of potential products and markets is large, says

Chapman, who is chief executive of Spring Sheep. "But my three 'nos' are China, infant formula and cheese." The French dominate the latter, and the other two are increasingly commoditised. Instead, the goal is high value, branded products for smaller markets, such as Korea.

Imported genetics and better farming systems are the keys to rapid productivity gains.

Low environmental impact is another benefit Spring Sheep markets. Per litre of milk ewes produce 30 per cent less pollution than cows. If they are housed half-time, the impact is 60 per cent less.

Southland farmer Keith Neylon was one of the pioneer commercial sheep milkers in New Zealand. His Antara Ag Farms runs 14,000 ewes, with plans to expand to 100,000 ewes in six years. It sells its milk to Blue River Dairy, a local processor and exporter that's Chinese owned.

There is already a \$6m collaboration to improve the local industry involving AgResearch, Otago and Victoria universities, Callaghan Innovation, Blue River Dairy, Kingsmeade Cheese and Waituhi.

Thus, it would make great sense to expand the PGP into a true NZ Inc venture, to maximise the opportunity of creating a new high value food sector.

Per litre of milk, ewes produce 30 per cent less pollution than COWS



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**New Zealand ewes
milk will be used
to create high-
value products.**