

## National Average Market Values (Herd Scheme Values)

The Herd Scheme is a **value** based livestock system.



Around mid May each year, the Government of the day announces the values which are to be attributed to the various classes (age groups) of the specified livestock types (i.e. Sheep, Beef Cattle, Dairy Cattle, Deer, Goats and Pigs).

These values are calculated from a survey of livestock sales during April of each year. **This year the values show increases for Sheep, Red Deer and most classes of Goats. Cattle values seemed to again be suffering from the challenges brought by Mycoplasma Bovis.**

The accounting mechanics in the herd scheme are a bit involved, but basically it protects the farmer from increases of the market values of livestock between years becoming assessable income.

New livestock included in the herd scheme for the first time create assessable income (to the extent that the Herd scheme value exceeds the cost of the animal). It is therefore preferable to add additional livestock numbers to the herd scheme in years when the herd values are low.

Excess numbers over and above previous years can be valued on an alternative scheme and where no animals of a category are on hand at balance date, they are effectively exited from the scheme.



### Sheep

All sheep classes have enjoyed yet another year of increases on the back of steady prices for lamb. The immediate market outlooks remains stable. This is great news for anyone with significant numbers already in the scheme. Conversely anyone wanting to enter new numbers into the scheme may consider biding their time.

### Beef Cattle



The timing of the recent dip in farm gate prices for beef animals has been reflected in the April sale data collected by IRD. As a result the 2019 Herd values have dropped somewhat from their highs of 2018. Add to this the fact, that more Beef trading operations are being identified as at risk from M Bovis, the steam appears to have been taken out of the trading market. This may present an opportunity to enter breeding animals into the scheme at a slightly lower entry cost than the previous couple of years.

### Dairy Cattle



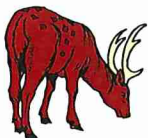
Summarily Dairy Cattle values have again dropped over all classes. Despite healthy expectations of Farm Gate Milk prices, the volatility of international milk markets is never far from the minds of farmers. Some farming operations have also changed to a closed herd policy thus reducing the demand for animals and further suppressing prices. Entry into the scheme should be viewed on a case by case basis.

### Dairy Goats



Dairy Goat values have also enjoyed increases as the demand for Goat milk grows. Breeding Buck values in particular rose \$103/hd to \$427 which may indicate more emphasis on the breeding of on farm replacements. It must be recognised that this is a rather small and specialised market and subject to local factors.

### Deer



Red Deer, Wapiti & Elk values are again enjoying strong prices as venison and velvet exports enjoy good markets. Strong market demand for New Zealand velvet exports to South Korea reflects the quality of the product produced. For those with significant numbers already in the herd scheme, these higher values are again good news.

Note; If any livestock of a type are valued in the herd scheme, then all the breeding males of that type **must** also be valued in the herd scheme. (With this in mind we note that breeding Beef Bulls, Deer Stags and Dairy Goat Bucks have all experienced sizable gains in value.)