

BNZ
MĀORI
EXCELLENCE
IN FARMING AWARD 2013
SHEEP AND BEEF



AHUWHENUA
TROPHY

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FIELD DAY HANDBOOK
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REALISING MĀORI POTENTIAL



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THE AHUWHENUA TROPHY

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»» FROM THE MINISTER OF MĀORI AFFAIRS



Mā muri ka tika ā mua:

Learn from the past to prepare for the future

Thousands of years ago our tipuna were the first long range ocean voyagers. Over 80 generations ago they settled the Pacific, a region around a third of the surface of the planet.

They were masters of the natural world, translating information contained in the stars and skies, sea and land to create opportunities for health, wealth and knowledge advancement.

Before the Treaty was signed, Māori were already leading some of our first overseas trade missions, they were helping establish New Zealand's sheep industry, and they were exporting produce direct to Sydney on their own ships.

Māori enterprises, like our farms, remain some of New Zealand's oldest, existing businesses. The establishment of the Ahuwhenua Trophy competition in 1932 by then Minister of Native Affairs Sir Apirana Ngata, and Governor-General Lord Bledisloe, secured the future of best practice in agribusiness for Māori-owned farms.

Māori farm governance is second to none in this country. Our agricultural colleges and trade academies offer training opportunities which will lead young Māori to manage our Māori-owned assets.

Our Māori economy represents generations of people, those who have passed on, those alive today and those yet to be born: this is what a long term investment looks like to Māori.

Māori entrepreneurs and Māori assets helped create the New Zealand economy. Māori enterprise and Māori people have played a crucial role in the history of our nation's economy and this is set to continue.

The Māori economy is already a commercial powerhouse so we must always be asking ourselves: What can we turn this into for future generations? How can we add value? How can we future proof this taonga? Our work to build the Māori economy and to strengthen our New Zealand economy is for the sake of our children, our grandchildren, our grandchildren's children.

I congratulate this year's Ahuwhenua Trophy finalists, Te Uranga B2 Incorporation – Upoko B2, Te Awahohonu Forest Trust – Tarawera Station, Te Hape B Trust – Te Hape Station, and all involved in the competition, for their commitment to excellence that New Zealand's agricultural reputation is built on: preserving our past, to secure our future.

Hon Dr Pita Sharples

MINISTER OF MĀORI AFFAIRS





FROM THE MINISTER FOR PRIMARY INDUSTRIES



I extend my congratulations to those who have been selected as this year's Ahuwhenua Trophy finalists.

Agriculture goes to the heart of what it means to be a New Zealander. As the Minister for Primary Industries, I recognise the contribution that Māori make to agribusiness through the development of their land-based assets, and to New Zealand's reputation for environmental responsibility and the sustainable use of resources.

This year's competition is an excellent example of the win-win benefits that growth in Māori agribusiness provides for New Zealand. This growth creates opportunities for Māori landowners and communities to flourish, and provides a significant boost for New Zealand's economy as a whole.

This showcase is the perfect opportunity to not only recognise the importance of the growth of Māori agribusiness, but also to celebrate those whose dedication and excellence ensures that this growth continues well into the future.

Hon Nathan Guy

MINISTER FOR PRIMARY INDUSTRIES



»» FROM THE CHAIRMAN



He mihi tēnei ki ngā pāmu hipi, pāmu pīwhi hoki i uru atu ki te whakataetae Ahuwhenua, i tēnei tau. He mihi hoki ki ngā toa kua eke ki tēnei taumata, arā, ko; Te Uranga B2 Incorporation – Upoko B2, Te Awahohonu Forest Trust – Tarawera Station me Te Hape B Trust – Te Hape Station.

He tau miharo te tau. Ka tīmatahia te whakataetae i te tau kotahi mano iwa rau, toru tekau ma toru (1933). Waru tekau tau te kaupapa ināianei.

He moemoeā tēnei nā Ta Apirana Ngata. Māna anō i whakaatu i ngā kaupāmu Māori rangatira o taua wā, hei tauri mo ō rātou hoa kaupāmu. Nā te Kawana Tianara a Lord Bledisloe i tautoko te moemoeā. Ka tu tonu te kaupapa i tēnei rā.

It is my pleasure to introduce readers of this Field Day Handbook to the three finalists in the 2013 Ahuwhenua Trophy BNZ Māori Excellence in Farming Award. This year the competition is between Māori sheep and beef farmers and once again the standard is very high.

This is an important year for the competition as it marks the 80th anniversary of the first Ahuwhenua Trophy competition which was won by William Swinton from Raukokore, Bay of Plenty. The inaugural 1933 competition was open only to farmers in the Waiariki land district although it was soon extended to farmers further afield.

It had been launched the year before by Sir Apirana Ngata, with the support of the then Governor General Lord Bledisloe, to showcase the best farmers of the day and to give their contemporaries high standards to strive for. Essentially, that kaupapa remains today.

Over the last 80 years the Ahuwhenua Trophy competition has come to epitomise and highlight excellence among Māori sheep and beef and dairy farmers and to demonstrate best practice in environmental and economically sustainable farming. Today our finalists are widely regarded as among the best farmers in New Zealand.

The longevity of the competition reflects the commitment Māori farmers have, as kaitiaki of their lands for future generations, to their whenua, and whānau. It is also a celebration of their tenacity over the years and their business acumen. The contemporary competition highlights successful collaboration with the wider business, banking and farming communities. Increasingly Māori farmers are exploring opportunities to develop direct linkages between the products they produce and customers in international markets.

Within this year's Ahuwhenua Trophy competition Field Day Handbook you will find detailed information on the history, land use, management strategies and governance structures of our finalist farms. Field Day Handbooks from previous competitions dating back to 2004 are available on our website. Over the years they have developed into something of an archive of the strengths and achievements of Māori in the farming sector, highlighting our commitment to sustainable farming and to developing this wonderful resource for the benefit of our people. They tell an inspiring story of our determination to leave this land in good shape for future generations to use wisely and enjoy.

On behalf of the Ahuwhenua Trophy Management Committee I would like to offer my congratulations to our three finalists and that their success continues to challenge and inspire other Māori farmers to enter the competition in the years to come.

Kingi Smiler

CHAIRMAN

AHUWHENUA TROPHY MANAGEMENT COMMITTEE



»» History of the Ahuwhenua Trophy

2013 is the 80th anniversary of the Ahuwhenua Trophy competition. It is also 10 years since the competition was re-launched to reflect changes in the Māori agribusiness sector and the increasing importance of Māori incorporations and trusts.

The Beginnings

The Ahuwhenua Trophy competition has a prestigious history dating back to 1932. It was introduced to encourage skill and proficiency in Māori farming by Sir Apirana Ngata and, the then Governor General, Lord Bledisloe who donated the first Ahuwhenua Trophy.

The inaugural 1933 competition was open to individual dairy farmers in the Waiariki Land district. It was won by William Swinton from Raukokore, Bay of Plenty.

The following year the competition was extended to include entrants from North and South Auckland, Gisborne, Whanganui and Wellington.

In 1936 the cup was won by Henry Dewes, a sheep farmer from Tikitiki who displayed it in a shop in Waiapu. A year later the shop caught fire and the trophy was destroyed. It was replaced with a new cup in 1938 but six years later that trophy was lost during a rail trip from Rotorua to Wellington. It was eventually found in 1946 in a Frankton store after being mislaid with someone's personal belongings at the railway station. The search for it involved the railways, the Department of Māori Affairs, the police and even the army, because the missing case apparently resembled an ammunition box.

In 1947 the Ahuwhenua Trophy went north for the first time, to Wiremu Matene Naera of Hokianga.

The inappropriateness of comparing dairy with sheep farms became increasingly evident and in 1954 the competition was divided into two separate awards, each with their own trophy. Once again, Lord Bledisloe donated the companion cup.

For a long period the dairy competition cup was held in the Auckland Museum, and the sheep and beef competition cup was held in the Whanganui Museum. Now they are held in the Te Puni Kōkiri office in Whanganui.

Continuing the Tradition Today

The competition continued up until the 1980s but interest started to wane and the last of the original competitions was held in 1990.

In 2003, spurred on by board members Gina Rudland and Wayne Walden, Meat New Zealand re-launched the competition, taking account of the changing face of Māori farming and the increasing importance of Māori incorporations and trusts in the agribusiness sector.

Meat New Zealand ran successful annual sheep and beef competitions between 2003 and 2005, when their successor organisation, Meat and Wool New Zealand took over the reins. The focus was on demonstrating 'excellence' to Māori and other farmers through Field Days, provision of Handbooks detailing finalist achievements and extensive media coverage.

In 2005, the Ahuwhenua Trophy Management Committee decided on a new structure for the competition with sheep and beef and dairy competitions being run in alternate years.

The Ahuwhenua Trophy competition Trustees are the Minister of Māori Affairs, the Minister for Primary Industries and the Chief Executive of Te Puni Kōkiri. They delegate their authority to the Ahuwhenua Trophy Management Committee to manage and supervise the competition. The current chairman, Kingi Smiler, has held that position since 2007.

The first bi-annual dairy competition, held in 2006 was won by the Parininihi Ki Waitotara Incorporation's Farm 12, in Taranaki.

In 2011, Waipapa 9 Trust, which had won the sheep and beef trophy in 2010, made competition history by becoming the first farm to hold both trophies at the same time.

Rotorua based Kapenga M Trust, has also won both trophies. They won the sheep and beef trophy in 2003 and took top honours in the 2012 competition when they won the dairy trophy.

A new award for young Māori farmers was introduced in 2012, which was managed by AgITO (Primary ITO). The first Ahuwhenua Young Māori Farmer Award was won by Tangaroa Walker (Ngāti Ranginui, Ngāti Pūkenga).

Today the Ahuwhenua Trophy continues its long tradition of upholding Māori excellence in farming, and for many incorporations, trusts, and whānau – it remains the pre-eminent accolade to win in farming.

»» Looking Back

THE 2011 SHEEP AND BEEF FINALISTS



WAIPAPA 9 TRUST

Waipapa 9 Trust, which administers a substantial, integrated agribusiness northwest of Taupō, made Ahuwhenua Trophy competition history in 2011 by becoming the first winner to hold both the dairy and sheep and beef trophies at the same time.

Since then they have consolidated their achievements, and in recent months have adjusted their strategies to cope with the drought that began in January 2013.

A decision to integrate the dairy farm with the sheep and beef farm to achieve optimal use of pasture has made a positive difference to both its dairy and sheep and beef operations. In 2011 and 2012, when both beef and lamb prices were high, Waipapa 9 Trust was averaging \$110 per lamb and \$4.35 per kg for beef. However, chairman Dawson Haa says that drought over the summer months means that they'll be lucky to get half of that this year. Animal health has, of necessity, been the farms priority.

Plans are in place to introduce a stronger Romney strain into the composite sheep flock and a programme of re-grassing and re-cropping will still go ahead although the timing may be affected by the drought.

Dawson Haa says winning the 2011 Ahuwhenua Trophy for sheep and beef continues to have many positives spin offs for Waipapa 9 Trust.

"We learnt a lot by going through the competition process and we continue to learn through the relationships we've forged with other entrants and the very valuable discussions that come out of them."

For Otakanini Tōpū, the 2,750ha farm with 1,550ha effective, bordering Muriwai Beach and the Kaipara Harbour, being a finalist in the Ahuwhenua Trophy competition was confirmation that they were on the right track. It encouraged them in their efforts to be environmentally conscious farmers and provided them with further impetus for improvement.

A regime emphasising sustainable farming and new genetics was already in place in 2011. Since then they have tripled their profits by adopting new farming methods under manager Ray Monk, who was new to the farm when it took part in the competition. They now have a farm strategy focused on balancing economic yield and maintaining a healthy environment.

In an effort to breed hardier sheep suited to the farms windswept coastal landscape but still capable of producing higher yields they reintroduced Romney into their composite flock. They also intensified their bull breeding programme and have developed a lucrative niche market by supplying Angus bulls to local dairy farmers.

"The introduction of genetics appropriate to the environment along with good pastoral management and the support of trustworthy advisers, is essential for any farm to move forward," says Otakanini Tōpū's chairman, Hemi Rau, who is always looking at new opportunities to add value to the farm.

Being an Ahuwhenua Trophy competition finalist was a worthwhile experience for Otakanini Tōpū. It raised their profile and extended their professional



networks allowing them to share ideas for improved farming outcomes. They also share staff training responsibilities with neighbouring farms.

"It allowed us to benchmark ourselves not only against other Māori farms but other farms in the North. It created new targets for us and it's exciting to meet these new targets" Hemi Rau says.

Life on Pakihiroa Station, the rugged 3,145ha East Coast property held in Trust for Ngāti Porou by Te Runanganui o Ngāti Porou, has 'been a bit busy' in the last two years, according to chairman Selwyn Parata.

During that time the Pakihiroa team has increased its lambing, invested further in the production of Wagyu Kobe beef and bought a new property to complement production on Pakihiroa and the company's existing finishing farm Puanga.

In July 2012, Pakihiroa Farms Limited (PFL) took possession of Makarika, a 1,402ha (950ha effective) large coastal, summer dry property complementary to Pakihiroa. PFL took over the farms stock and machinery and put their own staff and systems in place. They are in the process of converting 150ha of the new property into lucerne.

The purchase represents a \$5.5M investment for PFL and is part of a much bigger strategy which includes having greater influence in their value chain and more direct involvement in the international marketing of their products.

"Having Makarika in the Pakihiroa Group allows us to finish all the stock we breed making us virtually self contained."

Pakihiroa, meanwhile, has concentrated solely on breeding. It continued to ramp up lambing numbers, achieving 141% lambing from the mixed age ewes in the last year. Their latest lambing figures are 8,026 lambs from 5,100 ewes and hoggets and they have maintained an average sale weight of 38kgs live wt.



OTAKANINI TŌPŪ



The production of high quality Wagyu Kobi beef which Pakihiroa supplies to global customers through the Hawke's Bay based meat marketing company, Firstlight Foods, is a small part of their overall output but the Group sees it as a step towards niche marketing and an area of potential. Pakihiroa put 200 cows to eight bulls this season and expected to kill 250 steers and heifers this year under their Wagyu programme.

Fundamentally, Selwyn says the business is focussed on the amount of productivity the team can extract from their land while maintaining it in good health for future generations and, more immediately, how quickly they can continue to grow the business.



PAKIHIROA STATION



Proudly supporting Māori farming now and for many *generations* to come.

**Platinum sponsor of the 2013 Ahuwhenua Trophy
BNZ Māori Excellence in Farming Award**

With quality banking, professional support and the right solutions, Māori farming operations will continue to thrive and create wealth and opportunity for shareholders. We are privileged to partner with the individuals, trusts and incorporations that make up this sector to achieve their business and community goals for today, tomorrow and future generations.

Tēnā ko te toa mahi kai e kore e paheke.

The warrior who works hard at growing food will not fail.

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▶ bnz.co.nz/agribusiness

*2011 finalists, whānau and supporters
celebrate the 2011 Ahuwhenua Trophy
BNZ Māori Excellence in Farming
Awards Dinner for Sheep and Beef at
the Rotorua Energy Events Centre.*



**AHUWHENUA
TROPHY**



2013 AWARDS DINNER Friday 7th June

Pettigrew Green Arena, 480 Gloucester Street, Taradale, Hawke's Bay.

Formal dress – assemble for pōwhiri at 4.45pm.

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We acknowledge our partnership with the Ministry of Business, Innovation and Employment (MBIE)



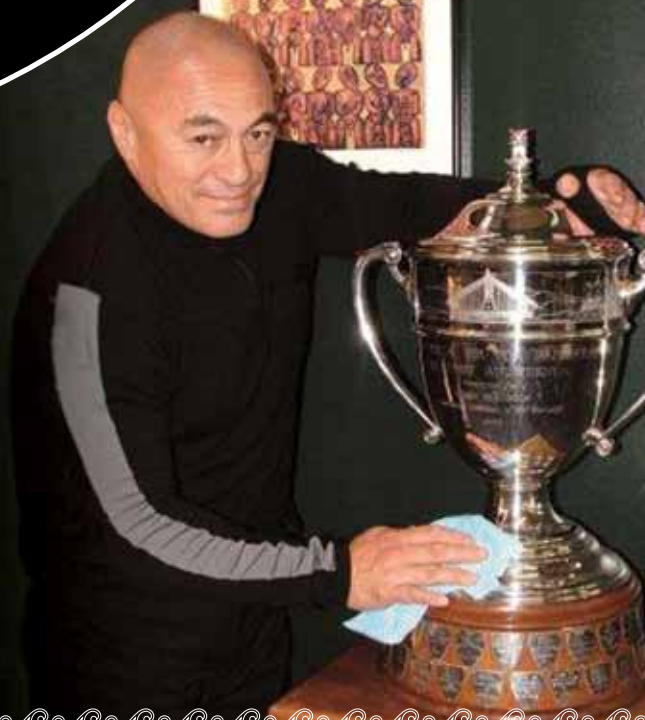


Te Puni Kōkiri
REALISING MĀORI POTENTIAL

Preserving our past. Securing our future.

Te Puni Kōkiri: proud sponsor of the Ahuwhenua Trophy, and kaitiaki of the Ahuwhenua Trophies, Dairy and Sheep & Beef.

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Ministry for Primary Industries
Manatū Ahu Matua



The Ministry for Primary Industries is pleased to be a longstanding sponsor of the Ahuwhenua Trophy awards and to celebrate Māori excellence in farming. MPI is committed to working with Māori to enable the sustainable growth of their primary sector assets.

New Zealand Government

Growing and Protecting New Zealand

»» Te Uranga B2 Incorporation – Upoko B2

244 Ngakonui-Ongarue Road, Taumarunui
Field Day Tuesday 23 April 2013



»» Te Uranga B2 Incorporation – Upoko B2

9.00	Pōwhiri at Kohatu, 244 Ngakonui-Ongarue Road, Taumarunui
9.40	Karakia – Morning Tea
10.00	Introduction to Field Day Programme and History of the Ahuwhenua Trophy
10.25	History/Governance/Business Structure
11.10	Travel to Stop 1: Top Finishing Unit
11.30	Stop 1: Pasture/Fertiliser/Infrastructure/Development/Intergration/Direction
12.00	Travel to Stop 2: Ngarotata
1.00	Arrive at Stop 2 – Lunch
1.30	Stop 2: Livestock Policies/Animal Health/Forestry/Strategy/Little History
2.05	Travel to Stop 3: Te Wharepapa Wetlands
2.25	Stop 3: Environmental/Regional Council Partnership/Land Management Units/BFEA Awards 2013
3.00	Travel back to Woolshed
3.20	Reconvene – Introduction of Afternoon Programme
3.25	Farm Financial Performance and Future Strategic Direction and Questions
4.00	Award Ceremony and Presentations
4.35	Kai and Refreshments

Note: times are approximate

IMPORTANT NOTES FOR FIELD DAY ATTENDEES

The owners of the property wish to point out to all visitors to their property that a number of potential hazards exist in the course of travelling over the property in vehicles, moving around the yards and facilities, and in handling stock. All visitors should note that only 4WD vehicles are to be taken onto the property. Where visitors do not have their own 4WD vehicles, people are requested to share vehicles.

While the owners have taken all reasonable care in making your visit to the property as safe as possible, including preparation of a Health and Safety plan for the day, they clearly point out that you enter the property at your own risk.

The owners will accept no responsibility for any accident or injury to any person or property that takes place while you are visiting.





Te Uranga B2 Incorporation – Upoko B2

WHAT IMPRESSED THE JUDGES

GOVERNANCE AND STRATEGY

- Strong leadership of the Incorporation and good engagement with key professionals to support the achievement of their business goals
- The Incorporation has also engaged with Horizons Regional Council and Ngā Whenua Rāhui to provide financial support for environmental projects.

SOCIAL / COMMUNITY / NGĀ TIKANGA MĀORI

- The creation of a site to preserve all of the waahi tapu that was on the property and also to record their whakapapa is an excellent showcase to the property and a commitment to their tikanga
- They have also demonstrated a commitment to their community by supporting the local school via financial assistance; this allows the school to run the school bus and maintain their school roll
- The Incorporation has recognised the importance of good schooling in attracting staff to their properties
- A concise pānui to a large percentage of shareholders on a quarterly basis was an impressive achievement.

FINANCIAL AND BENCHMARKING

- Consistent and monitored financial performance with targeted results in the top 20% of the Beef + Lamb New Zealand (B+LNZ) Farm Survey benchmark group
- Te Uranga B2 has achieved Gross Farm Revenue of \$885 per ha over the last three years; the 2010/11 result of \$919/ha was 9% higher than the B+LNZ Farm Survey average for Class 4 Northland-Waikato-BoP properties
- EBITR/ha over the three year period was \$231/ha. This was achieved after the application of capital fertiliser and investing into development work on the farm; against benchmark data the 2010/11 result was 7% higher than average results.

FARM PRODUCTION TARGETS AND MANAGEMENT PRACTICES

- Te Uranga B2 has improved feed conversion efficiency over the last four years from 34.2kg DM/kg Product to 29.2 DM/kg for 2012
- Productivity has improved over the last four years from 189kg product per ha to 233kg in 2012
- Business utilises all of the industry benchmarks available for decision making.

FARM STAFF

- All staff have written employment contracts and job descriptions in place
- The Incorporation's community focus resonates well with their staff.

ENVIRONMENTAL / SUSTAINABILITY GOALS AND STRATEGIES

- 117ha of regenerating native forest under Ngā Whenua Rāhui
- Nutrient Management Plans are in place for the farm and consultation with Horizons has begun in complying with the One Plan
- Fencing of waterways has been a priority for the Incorporation and they have now fenced the majority of these
- Planting of shelter belts and on-going protection of hill slopes through spaced poplar plantings.

ENTREPRENEURIAL / INNOVATION

- Planting and multiplication of flax for both biodiversity and business opportunities illustrates the wider thinking of the management and governance team working together.

»» Te Uranga B2 Incorporation – Upoko B2

DIRECTORY

Tribal affiliation: Waikato Maniapoto, Tūwharetoa, Whanganui

Number of owners: 760

TRUSTEE/BOARD

Traci Houpapa, *Chairman*

Alan Cockle

Derek Wooster

Vonda Houpapa

RURAL PROFESSIONALS

Darren McNae, *AgFirst Consultants*

Richard Burgess, *Balance Chartered Accountants*

FARM STAFF

Jack Valois, *Farm Manager*

Casey Chadwick, *Shepherd*

Omeka Phillips, *General Shepherd*

FARM DESCRIPTION

Upoko B2 (1,123ha effective) is a sheep, beef and dairy grazing operation occupying 51% of the Te Uranga B2 Incorporation enterprise. Te Uranga B2 runs an integrated agribusiness operation which includes Upoko B2, two dairy farms (330ha), a forestry right (556ha), and 167ha of Ngā Whenua Rāhui areas. Upoko B2 consists of 170ha of easy to rolling country with the remainder evenly split between medium to steep hill country, and is primarily pumice providing summer challenges and benefits during the winter. The farm winters 12,100 SU (55% sheep) including dairy heifers and winter cows for the Incorporation's dairy farms. The farm is run by three full time staff and seasonal casuals.





Te Uranga B2 Incorporation – Upoko B2

HISTORY OF THE FARM

Established in 1910, Te Uranga B2 Incorporation has been trading in its own right since 1958. Its sheep and beef operation, Upoko B2 (1,123ha) is one of four integrated business units which include dairy and forestry operations, a Ngā Whenua Rāhui covenant and a diversified investment portfolio.

The property, originally known as Rangitoto Tuhua 74B 6G Incorporated, was renamed 'Te Uranga B2 Incorporation' in 1958 by the Māori Land Court and put under Māori Affairs and Lands and Survey control for the next 23 years.

In 1981 the then Minister of Māori Affairs, Hon Ben Couch returned land management to the owners, debt free, at a ceremony on the property.

In the following decade, the Incorporation focused on the retention of ancestral lands for the wealth and wellbeing of its owners and their descendants, purchasing neighbouring freehold blocks. It received a mandate to protect re-generating forest, negotiated a Carter Holt Harvey forestry right for planting pinus radiata, and undertook a 210ha dairy conversion with a loan from Wrightson Finance.

By 1999 Te Uranga B2 was receiving income from milk, forestry, wool, sheep and beef cattle.

The Incorporation's entrant in this year's Ahuwhenua Trophy competition, Upoko B2, comprises yellow-brown earth, loam and pumice, running 140 Angus breeding cows, 170 trading steers, 200 heifers, 300 weaner cattle, and 5,500 mixed-age Romney/Coopworth ewes. Upoko B2 also provides grazing support to 200 heifers and 400 winter cows for the Incorporation's dairy operation.

The Incorporation has a history of encouraging staff to become the best they can, winning accolades as a result. In March 2013 Te Uranga B2 won three of the Ballance Farm Environment Awards, with Upoko B2's farm manager Jack Valois being awarded a 'Horizons Regional Council Award for Integration of Trees'.

Previous management committees have positioned Te Uranga B2 as a significant regional economic partner. It provides sheep for the Taumarunui Speed Shears, supports the Tutsan eradication programme and the improvement of the Taringamotu River, hosts the Cutting Horse Association and Endurance Horse Riding events, and supports the Taumarunui Rugby and Sports Club.

The Incorporation also supports the Ngakonui Valley School through the Duffy Book Club, school bus and its 'Horizon's Trees for Schools' programme where pupils plant native seedlings to extend indigenous forest stands that occupy the farm.

Dividends are distributed annually to 760 shareholders of Waikato Maniapoto and Tūwharetoa descent who whakapapa back to the original 49 owners.

Grants to kaumātua, for tangihanga, and health and education needs are issued annually based on a percentage of Te Uranga B2's net profit.

In the 1990s, under direction from kaumātua Harry Kereopa, the committee established a memorial site constructed of kōhatu from key sites on the property. It marks a place of remembrance and acknowledgement of the original owners, whakapapa and whenua.

Like their forebears, today's committee is challenged to balance commercial, cultural, and environmental imperatives to improve the wealth and wellbeing of its shareholders and future generations.



»» Te Uranga B2 Incorporation – Upoko B2

GOVERNANCE AND STRATEGY

VISION

Productive land and productive people

MISSION

Developing our land, growing our business and empowering our people

MATTERS OF IMPORTANCE

Our land and our people

STRATEGIC PLAN

Goals

- To be a responsible corporate citizen
- To operate an effective, efficient and integrated primary industry operation
- To conduct our business in a manner which considers physical and financial performance, environmental enhancement, cultural and social responsibility
- To provide benefits to our shareholders and support to our wider community.

The Committee of Management, advisors and farm manager meet annually to agree a revised strategic plan, budget, and annual work-programme.

The farm manager, with the support of Upoko B2's advisors, implements the work programme and reports monthly on progress, budget, risks and upcoming work.

Strengths

- Experienced governance body
- Farming location and land quality
- Low debt ratio
- Diversified farming enterprise with complementary investment portfolio
- Expert advisors and management team
- Stable infrastructure
- Commitment to community and regional development
- Strong shareholder, business and stakeholder relationships
- Open to new opportunities, innovation and partnerships.

Weaknesses

- Succession planning
 - Create opportunities for shareholders to become familiar with Te Uranga B2 enterprises
 - Identify emerging leaders for governance and agribusiness training and development
 - Establish a Paepae Matua advisory group of former committee members.
- Land management systems
 - Identify current and emerging farm management systems for application to Upoko B2
 - Consider new agritechnologies/agribusiness innovations for sustainable business management/improved performance and productivity.
- Lack of direct farming experience at governance level
 - Governance members continue to attend industry training and advisory groups
 - Engage Ag ITO (Primary ITO) Te Kauta to develop an enterprise wide training development programme (governance, management, advisors, shareholders).





Te Uranga B2 Incorporation – Upoko B2

Opportunities

- Expanding property platform for sheep and beef/dairy farming
- Aggregation with other Māori authorities
- Green energy and agribusiness technology
- Natural resource management.

Threats

- Market and currency fluctuation
 - Regularly monitor markets, business planning, stock management/sales and reporting.
- ETS, climate and weather events
 - Flexible farm and stock management systems
 - New strategies for water and natural resource management
 - Consider stocking policy and genetics.
- Water management
 - Review current water management platform against national and international water management models
 - Consider traditional on-farm water sources and water management systems.
- Bio security incursions
 - Monitor Ministry for Primary Industries programmes and industry farming systems.
- Industry and farming compliance and energy costs
 - Monitor business and enterprise budgets and work programmes
 - Consider green agritechologies and innovative agribusiness models.

Values and Business Principles

Our values: courage, conviction, honour, integrity and dignity.

Our principles are:

- **Rangatira:** leading with courage, conviction, honour, integrity and dignity
- **Umanga:** managing a sustainable, viable enterprise
- **Kaitiaki:** retaining our lands, operating our enterprise and growing our assets for our shareholders
- **Manaaki:** responding to the needs of our shareholders and stakeholders.

GOVERNANCE

Te Uranga B2 shareholders provide their continued support for the Committee and enterprise at its AGM.

Appointments are for three years after which Committee members can offer themselves for re-election. Shareholders make formal nominations in writing which result in an election if two or more nominations are received. Voting is conducted by poll or show of hands. For the 2013 election process, Te Uranga B2 will be promoting a 'preferred candidate criteria' outlining requisite skills, expertise and qualifications to complement the current Committee.

The Committee is an experienced governance group with skills in agribusiness, environmental management, communications, Māori Land Court and Māori land law.

Te Uranga B2's advisors are long standing, trusted professionals who were engaged and are retained because of their experience, qualifications, industry and market knowledge and networks.



»» Te Uranga B2 Incorporation – Upoko B2

SOCIAL / COMMUNITY / NGĀ TIKANGA MĀORI

SOCIAL / COMMUNITY

Te Uranga B2 has a longstanding commitment to social and community development as a key tenant in its strategic plan.

Current strategic partnerships include:

- Federation of Māori Authorities
- Horizons Regional Council
- Sustainable Land Use Initiative group
- Ngakonui Valley School 'Trees for Schools' programme (Te Uranga B2 has provided land for this reforestation programme)
- Tainui Wahine Tu Mai, Māori women in agribusiness governance programme; a joint venture with Primary ITO, B+LNZ, DairyNZ, Te Puni Kōkiri.

Shareholder benefits:

- Kaumātua grants
- Tangihanga grants
- Education grants
- Te Putea Oranga, health grants
- Invitation to farm field days.

Farm and industry groups:

- Tutsan Action Group (controlling and eradicating Tutsan)
- Taringamotu River Stream Group (local farmers, Horizons)
- Taumarunui Sustainable Farm Group.

Te Uranga B2 provides annual support to the following local community groups:

- Ngakonui Valley School (for bus-transport, books in schools and the annual art award)
- Taumarunui Speed Shears (provides sheep for the competition)
- Taumarunui Rugby and Sports Club (annual grant to support the only sports club in Taumarunui)
- Taumarunui Endurance Club (for rides)
- Taumarunui Cutting Horse Club (yards for practice and competition)
- Taumarunui Motor Cross Club (annual rides).

Te Uranga B2 believes good business is about people. Our strategic partnerships are key to our commercial, cultural, environmental and social success.

We are open to new ways of doing business and operating our enterprises, and to learning from industry and market leaders.

To develop our land, grow our business and empower our people, we recognise the need to expand our thinking, our networks and our knowledge. We can achieve this through strategic partnerships, locally, regionally and nationally.

NGĀ TIKANGA MĀORI

Established in 1910, Te Uranga B2 has been in the agribusiness industry for over 100 years, with the Incorporation managing the property since 1954. We are proud of our whakapapa and history.

In the 1990s we established a memorial site which comprises kōhatu from the key points on the farms and a notice board outlining our whakapapa, history, list of the 49 original owners, committees of management and other important information. These kōhatu are a physical acknowledgement of our tupuna, and a testament to their strategic foresight, commercial nous and cultural integrity in preserving the whenua for future generations.

We are aware of the waahi tapu and sites of significance on the property as reflected in the Ahuwhenua Trophy Field Day Book v3 and which are a major consideration in our farm practice and policies.



Te Uranga B2 Incorporation – Upoko B2

FARM DATA AND FINANCIAL DATA

FARM DESCRIPTION

Total area ha	2,176ha (total incl. other enterprises)
Effective grazing ha	1,123ha
Subdivision	122 paddocks. Predominantly 8 wire P&B with some electric on finishing areas
Water supply	Currently 65% of paddocks with reticulated water. One year into a three year plan to improve this.
Contour	170ha easy to rolling, 493ha medium hill country, 460ha steep.
Pasture	Browntop, ryegrass mix
Fertiliser applied for year kg/ha	255kg/ha
Seasons rainfall mm	1,519mm (2011/12 season to 30 June)
NIWA 10 yr rainfall mm (nearest location)	1,400mm (Taumarunui)
Olsen P	Range 7 – 54. Average 18
Soil Ph	Range 5.3 – 6.1. Average 5.7

OPENING LIVESTOCK NUMBERS

Stock Numbers 30th June	2009-10	2010-11	2011-12
SHEEP			
MA Ewes	4,278	4,345	4,229
2 Tooth Ewes	1,570	1,715	1,752
Ewe Hgts	604	1,008	990
In Lamb Hgts	1,281	900	848
Ram Hgts/Trade lbs	27	92	44
Rams	79	73	63
Other Sheep	0	0	0
Total	7,839	8,133	7,926
Total Sheep SU (SSU)	7,378	7,608	7,434
CATTLE			
MA Cows	139	140	147
IC R2 Hfrs	90	97	70
Dry R2 Hfrs	14	110	140
R1 Hfrs	203	154	142
R1 Bulls	0	0	0
R2 Bulls	0	0	0
MA Bulls	0	0	0
R1 Steers	107	159	141
R2 Steers	316	207	198
MA Steers	0	0	0
Breeding Bulls	6	6	8
Total	875	873	846
Total Cattle SU (CSU)	4,351	4,372	4,239
Dairy Hfrs SU	1,397	1,232	1,232
Total SU	13,125	13,212	12,904
Stocking Rate/ha	11.7	11.8	11.5
Sheep/Cattle Ratio	56:44	58:42	58:42



Te Uranga B2 Incorporation – Upoko B2

FARM PHYSICAL AND FINANCIAL SUMMARY

	2009-10	2010-11	2011-12
PHYSICAL SUMMARY			
Effective Area (ha)	1,123	1,123	1,123
Total SU	13,125	13,212	12,904
SU/ha	11.7	11.8	11.5
Sheep/Cattle Ratio	56:44	58:42	58:42
Labour Units	3.00	3.00	3.00
Total SU's/Lbr Unit	4,375	4,404	4,301
Scanning % MA Ewes*	162%	154%	152%
Scanning % 2th Ewes*	149%	145%	137%
Lambing %	124%	107%	122%
Calving % ¹	91%	90%	88%
Sheep D&M %	9.4%	9.2%	12.1%
Cattle D&M %	3.1%	3.1%	1.5%
Wool kg/SSU	5.64	6.79	3.86
Wool \$/kg Greasy	\$2.23	\$2.87	\$3.43
Number of Lambs Sold	6,048	5,117	5,336
Lambs Sold \$/Head	\$64.13	\$97.61	\$99.52
FINANCIAL SUMMARY			
GFR/ha	\$804	\$919	\$934
FWE/ha (Adj)	\$450	\$468	\$555
FWE as a % of GFR	56%	51%	59%
EFS/ha	\$278	\$380	\$295
Debt Servicing % GFR	0%	0%	0%
Farm Profit Before Tax	\$269,474	\$375,206	\$134,114
Farm Profit Before Tax/ha	\$240	\$334	\$119
Return on Capital	2.6%	3.4%	2.7%

N/A = Not Available

GFR = Gross Farm Revenue

FWE = Farm Working Expenses Adjusted for Fert & R&M

EFS = Economic Farm Surplus

EFS = GFR minus FWE minus wages of management (Excludes Rent & Interest)

* Excluding Triplets

¹ Calculation of Calving %; the number of calves marked as a percentage of in calf cows on hand 1st July.

2011-12 BENCHMARKING PERFORMANCE – BEEF+LAMB NZ FARM SURVEY DATA

BASED ON 2011-12 SURVEY (PROVISIONAL), CLASS 4 NORTHLAND-WAIKATO-BOP QUINTILE ANALYSIS RANKED BY EBITR PER HECTARE				
	Unit	Mean	Upoko B2	Variance %
Effective Area	ha	349	1,123	222%
Stocking Rate	SU/ha	9.1	11.5	26%
Lambing	%	126	122	-
Sales All Lambs	\$/head	111	99.5	-10%
Gross Farm Revenue	\$/ha	955	934	-2%
Total Expenditure	\$/ha	717	814	14%
EBITR	\$/ha	361	119	-67%

2011-12 B+LNZ Farm Survey Data is provisional and farm comparisons should be regarded as only approximate
See also the footnotes below the 2010-11 Benchmarking Performance table on the next page.



Te Uranga B2 Incorporation – Upoko B2

2010-11 BENCHMARKING PERFORMANCE – BEEF+LAMB NZ FARM SURVEY DATA

BASED ON 2010-11 SURVEY, CLASS 4 NORTHLAND-WAIKATO-BOP QUINTILE ANALYSIS RANKED BY EBITR PER HECTARE						
Class 4 2010-11	Unit	Top 20%	Mean	Upoko B2	Variance % Mean	Top 20%
Effective Area	ha	491	349	1,123	222%	129%
Total Labour Units	No.	1.89	1.58	3.0		
Open Total	SU	4,737	3,187	13,212		
Stocking Rate	SU/ha	9.7	9.1	11.8	29%	21%
Sheep:Cattle SU Ratio	%	43:57	57:43	58:42		
Lambing	%	123.0	114.9	107%		
Calving ¹	%	75.2	81.1	77%		
Sheep Loss	%	6.5	5.8	9.2%		
Cattle Loss	%	2.0	2.2	3.1%		
Wool Shorn	kg/SSU	6.10	5.58	6.79		
Wool net before freight	\$/kg	3.42	3.48	2.87		
Sales All Lambs	No.	2,156	1,040	5,117		
Sales All Lambs	\$/head	100.20	99.26	97.61	-2%	-3%
Gross Farm Revenue	\$/ha	1,099.12	845.00	919	9%	-16%
Gross Farm Revenue	\$/SU	113.82	92.55	78.0		
Wool Revenue	\$/SSU	22.17	20.25	19.52		
Sheep Revenue	\$/SSU	106.43	79.59	74.27		
Sheep+Wool Revenue	\$/SSU	128.60	99.85	93.79	-6%	-27%
Cattle Revenue	\$/CSU	85.20	70.29	48.32	-31%	-43%
Dairy Grz Revenue	\$/DzSU	109.56	100.98	87.29		
Deer+Velvet Revenue	\$/DSU		100.57	0.00		
Total Expenditure	\$/ha	791.12	662.99	585.18	-12%	-26%
Total Expenditure	\$/SU	81.92	72.61	49.74		
Wages	\$/SU	5.99	4.86	7.97	64%	33%
Animal Health	\$/SU	4.27	4.41	2.88		
Shearing	\$/SU	3.90	3.33	4.58		
Fertiliser	\$/SU	12.37	11.99	9.14	-24%	-26%
R & M	\$/SU	4.95	5.95	6.79	14%	37%
Administration	\$/SU	2.35	2.95	2.55		
Insurance & ACC	\$/SU	1.81	2.15	0.47		
Rates	\$/SU	3.42	3.09	1.51		
Interest	\$/SU	18.49	11.34	0.00		
EBITR	\$/ha	544.08	311.59	334.11	7%	-39%
EBITR	\$/SU	56.34	34.13	28.40		

Note: 'Total Expenditure' Includes Managerial Salaries Interest & Rent

EBITR = Earnings Before Interest Tax & Rent

¹ B+LNZ Calculation of Calving %; the number of calves marked as a percentage of cows mated (includes dry cows and is adjusted for the sale or purchase of in-calf cows)

Class 4 = Easier hill country, carrying between eight and thirteen SU per ha, a high proportion of sale stock sold is in forward store or prime condition.



»» Te Uranga B2 Incorporation – Upoko B2

FARM FINANCIAL AND BENCHMARKING PERFORMANCE

GOALS

- All farms are currently 12 months into a three year development programme
- Our focus is on investment in cash generating investments
- The target is to achieve an annual return on investment of >4% and an increase in equity of >2.5%
- We have a high focus on achieving strong cashflow from a diversified business model to stabilise returns and spread operational risk
- To ensure maximum return is achieved per kg of product produced.

KPIs

- Key focus areas are to improve the GFR/ha which will come from increased productivity (focus on factors within Te Uranga B2's control); GFR is currently at \$934/ha (2012) c.f. \$955 B+LNZ Farm Survey
- Our target for FWE/GFR is for <55% adjusted for any development and improvement
- EFS/ha is currently in line with the average for B+LNZ Farm Survey; our target to be in the top 10% of this benchmark and top 25% of Farmax benchmarks for physical performance by 2017
- The farm currently produces 242kg of product per hectare with a goal of lifting this to 300kg/ha by 2017; this will include ensuring that feed conversion efficiency remains less than 26kg DM/kg product as per the present system.

STRATEGIES

We have achieved a strong improvement in performance in the last 18 months. A reduced stocking rate implemented in 2011 has resulted in higher per head stock performance which is resulting in improvements in income and a more efficient system. We have a high focus on hitting a short term target of 140% lambing and further reducing stock losses (big gains have been made in both of these areas in the current season). The on farm development programme currently underway is focussing on improved pasture growth and farm productivity.

By improving farm development and stock growth rates Te Uranga B2 has been able to finish nearly all stock sold in 2012/13 which has reduced the reliance on store markets resulting in higher return per kg of product and more system flexibility. We are focussing on ensuring an efficient stock system is in place to ensure efficiencies in staff numbers and workload.





Te Uranga B2 Incorporation – Upoko B2

FARM PRODUCTION TARGETS AND MANAGEMENT PRACTICES

SHEEP AND WOOL PRODUCTION

The sheep operation comprises a flock based around 5,500 Coopworth / Romney ewes (MA and 2th) and 1,700 ewe hoggets carried annually. Ewe numbers average 6,000 in earlier years and prior to the current season no more than 39% of lambs were sold to the works. The incorporation of Romney genetics started in 2011 in an effort to increase birth and weaning weights. The change in system in 2013 with the introduction of crops and the breed change will see over 80% of lambs finished this season.

Wool production is currently at 5.43kg/SSU. Target to maintain at this level and the cross back to Romney will assist with this.

The goal over the next three years is to maintain sheep numbers at the current level.

CATTLE PRODUCTION

Improvements in farm performance and pasture growth will see cattle numbers hold at current levels for 1 – 2 years before lifting. We will consciously lift cattle numbers in line with the development programme which will see higher quality finishing land available. Currently steers are being finished at 310kg cwt and heifers at 248kg cwt. The average sale date currently on steers is 17 January. The target is for all to be finished by 28 February.

FLOCK AND HERD FERTILITY

Sheep are currently scanning 167% and 2012/13 lambing was 129%. Our three year target is to lift scanning to 175% and lambing to 140%. The current lift in performance has come from improved feeding and heavy culling of poor stock.

Cows are currently calving at 88% and the three year target is to ensure this is consistently at >90%.

ANIMAL HEALTH

The reduction in stocking rate and improved feeding of all classes of stock has resulted in a marked improvement in stock health. Currently spending an average of \$4.55/SSU.

Improvements in animal health have resulted in a marked reduction in stock deaths (2013 season tracking at 3.0% STD).

Facial eczema management is managed primarily through breeding (last 10 years) and grazing management. The farm is currently one of the local monitor farms for spores.

Full drench resistance testing has been conducted across all classes of stock and drench trials are currently under way on young cattle. Lamb drenching is conducted in line with the FEC tests regularly conducted.

PASTURE MANAGEMENT, CROPS, SUPPLEMENTS, WEED CONTROL

Cropping of 20ha winter crop and 24ha of summer crop is being undertaken to improve seasonal feeding and improve pasture species. Currently producing 8,000kg DM/ha and the target is to lift this consistently to 9,000kg DM/ha. The target for 31 May pasture cover is 1,900kg DM/ha.

Supplement use is limited to approximately 200 bales of wrapped silage annually. Minimal use is undertaken because of time involvement and cost.

Weed control is focused primarily on blackberry and thistles in main areas. Both of these have an annual spray programme and an associated budget.

SOIL MANAGEMENT AND FERTILISER

Sound soil management is a key priority. Annual nutrient management plans are prepared with the fertiliser representative along with biennial soil testing to optimise soil fertility. Nutrient applications are then targeted based on best return on investment. This is further backed up with econometric modelling to support capital applications.

The three year development programme includes an allowance to have all soils at economic optimum by 2015.



»» Te Uranga B2 Incorporation – Upoko B2

FARM STAFF

We aim to be an employer of choice and ensure effective and efficient staffing of the farm. The three staff on farm all have clearly defined job descriptions and clear responsibilities within these. Regular reviews are undertaken with staff to ensure any areas for improvement are identified; this includes training.

All staff are actively encouraged to attend formal training. This is paid for on the basis of a 50:50 arrangement on course application and the staff member's costs reimburses on course completion. All staff are encouraged to attend local discussion groups and field days to further improve their farming knowledge. The use of technology (i.e. post rammers, automatic weighing systems) in daily farming tasks is a key to ensuring high levels of productivity and safety and ensuring that all staff can do all jobs.

Te Uranga B2 manages its enterprise as a team. The Committee meets monthly at which time it receives reports from its professional advisors. These meetings are for the Committee to ask questions of the advisors regarding key strategic and operational issues. The farm manager and sharemilkers also attend the monthly meetings which allow open forum discussion to consider governance, management and operational issues.

At all times, the Committee reserves the right to request further details/information and to seek independent advice. Any disagreements that might arise from time to time are discussed between the Committee and the advisors until a consensus is reached.

Te Uranga B2's advisors are longstanding, trusted advisors, a testament to the working relationship. Monthly reporting and regular contact between the Committee and advisors ensures clear directions, performance delivery and opportunity for review.





Te Uranga B2 Incorporation – Upoko B2

ENVIRONMENTAL / SUSTAINABILITY GOALS AND PRACTICES

GOALS

- Ensure all major waterways have stock excluded
- Target nitrogen leaching of less than 16kg N/ha (2012 – 16kg N)
- Target phosphate runoff of less than 1.5kg/ha/year (2012 – 1.3kg/ha)
- Monitor water quality in and out of farm to establish water quality impact
- Ensure best land use undertaken at all times
- Ensure high standards of animal welfare due to shelterbelt plantings, fencing streams and selective draining of wetlands.

KPIs

- The preparation of the annual nutrient management plans will ensure that the nutrient management targets are adhered to
- Ensuring the on-going strong relationship that is in place with Horizons continues
- To ensure at all times that the farm complies with the management practices outlines with the One Plan.

STRATEGIES

Areas to focus on:

- Efficient stock policies will ensure low levels of nitrogen leaching per kg of product produced
- Best practice land management principles to be followed.

Strategies currently implemented:

- Fencing off of waterways and wetlands on intensively stocked areas including planting of these areas
- Retire all major waterways on farm including appropriate buffer zones to trap sediment and minimise runoff
- Pole planting on steeper zones including pollarding of older trees to improve land stability
- Ensuring land management is in line with recommendations within the One Plan this includes the retirement of the Te Wharepapa Tenax area (20,000 flaxes)
- Planting of shelterbelts on farm for stock protection.

»» Te Uranga B2 Incorporation – Upoko B2

ENTREPRENEURSHIP AND INNOVATION

Te Uranga B2 is focused on lifting the performance and productivity of its enterprises, while driving down costs, improving results on-farm, environmentally, socially and cultural, while increasing returns to its shareholders.

To achieve this:

Financially and commercially: Te Uranga B2 is exploring and considering new technologies and innovations.

On farm: Te Uranga B2 is exploring and considering new technologies, farming, genetics, pasture and water management innovations.

Environmentally: Te Uranga B2 is committed to a whole of enterprise environmental management plan which is supported by Horizons, and other farming and industry groups.

Socially: Te Uranga B2 has a wide range of shareholder benefits, community initiatives and regional industry relationships.

Culturally: Te Uranga B2 is conducting an archiving initiative recording its history, whakapapa and stories as recounted by shareholders.

For its shareholders: Te Uranga B2 is exploring and considering current and emerging succession planning models, industry training and development programmes, and targeted education programmes and internships.

FARM INFRASTRUCTURE

The farm is currently subdivided into a total of 122 paddocks. Primarily eight wire post and batten with five wire electric used on intensive finishing areas. New fencing has focused on waterway retirement on intensive blocks and improving stock movement (laneways). Significant work is undertaken with Horizons to reduce stock access to waterways and nutrient runoff.

Water supply comes from three separate sources on farm and covers 65% of the farm (development plans will lift this). The latter is a key priority in farm performance improvement.

Access is not limited by ATV although constant improvement of the tracking network is a priority including all weather access.

The farm is well serviced by farm buildings with three sets of woolshed and yards (both sheep and cattle) facilities. A further set of satellite yards in the middle of the farm reduce stock movements. Cattle handling facilities have undergone a significant upgrade in 2012. A review is underway to look at moving the main facilities to the middle of the farm.

There are three staff houses well spread through the property all in excellent condition as well as excellent support buildings. These have all been part of an improvement programme through 2012 (happy staff = productive staff).



>>> Te Uranga B2 Incorporation – Upoko B2

FARM MAP





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»» Te Awahohonu Forest Trust – Tarawera Station

4260 State Highway 5, Te Haroto, Hawke's Bay
Field Day Thursday 2 May 2013



»» Te Awahohonu Forest Trust – Tarawera Station

9.00	Pōwhiri at Te Haroto Marae, 4863 State Highway 5, Hawke's Bay
9.30	Karakia – Morning Tea
9.50	Introduction to Field Day Programme and History of the Ahuwhenua Trophy
10.15	History/Governance/Business Structure
10.50	Travel to Woolshed (via Truck Entrance off State Highway 5) – unload bikes
11.25	Travel to Stop 1: via underpass to Siberia Block and up to Lease Block at Tanks
11.55	Stop 1: Trust Boundaries, Lease Block Development and Management/ Conservation Initiatives/Water Supply
12.25	Travel to Stop 2: Airstrip/Wind Gusts
1.00	Arrive at Stop 2 – Lunch
1.15	Stop 2: Property Boundaries/Sheep Policy/Soils/Fertilisers/Pastures
1.45	Travel to Stop 3: 4 Ha Paddock
2.30	Stop 3: Cattle Policy/Management Structures and Reporting/Governance Succession
3.00	Travel back to Woolshed – load bikes
3.30	Reconvene – Introduction of Afternoon Programme
3.35	Farm Financial Performance and Future Strategic Direction and Questions
4.20	Award Ceremony and Presentations
4.55	Kai and Refreshments

Note: times are approximate

IMPORTANT NOTES FOR FIELD DAY ATTENDEES

The owners of the property wish to point out to all visitors to their property that a number of potential hazards exist in the course of travelling over the property in vehicles, moving around the yards and facilities, and in handling stock. All visitors should note that only ATVs or bikes are to be taken onto the property. Where visitors do not have their own ATVs or bikes, people are requested to share. We strongly encourage you to wear helmets.

While the owners have taken all reasonable care in making your visit to the property as safe as possible, including preparation of a Health and Safety plan for the day, they clearly point out that you enter the property at your own risk.

The owners will accept no responsibility for any accident or injury to any person or property that takes place while you are visiting.



»»» Te Awahohonu Forest Trust – Tarawera Station

WHAT IMPRESSED THE JUDGES

GOVERNANCE AND STRATEGY

- Strong governance with a focus on developing new Trustees via Associate Trustee positions and also by retaining experience via Retiring Trustee positions
- Excellent engagement with key professionals to support their business goals, as well as paying for and utilising specialist advice when required.

SOCIAL / COMMUNITY / NGĀ TIKANGA MĀORI

- Social responsibility as evidenced by the provision of scholarships as well as setting up a wānanga to promote successful Māori as role models for secondary school students.

FINANCIAL AND BENCHMARKING

- Excellent consistent financial performance over a period of time
- GFR of \$970/ha over a three year period. 2010/11 result was 30% higher than Beef + Lamb New Zealand (B+LNZ) Farm Survey average benchmark data, putting them in the top 20%
- EBITR of \$409/ha over a three year period. 2010/11 result was 27% higher than average benchmark data
- The Trust has also identified key financial risks to the business and put risk management plans in place to mitigate these.

FARM PRODUCTION TARGETS AND MANAGEMENT PRACTICES

- Pasture monitoring is in place and this data is used to maintain up to date feed budgets to aid decision making on farm
- Use of embryo transplants to further improve genetic gain.

FARM STAFF

- Farm staff are encouraged to upskill and attend field days to improve their knowledge base.

ENVIRONMENTAL / SUSTAINABILITY GOALS AND STRATEGIES

- Fencing off waterways and steep bush areas in line with Farm Environment Plan.

ENTREPRENEURIAL / INNOVATION

- The Trust is a member of the Awhina Group which provides them bulk purchasing agreements with key suppliers
- Concentration on continuing to build networks to help them grow their business is a real feature of their operation.

»» Te Awahohonu Forest Trust – Tarawera Station

DIRECTORY

Tribal affiliation: Ngāti Kahungunu / Ngāti Hineuru

Number of owners: 1,150

TRUSTEE/BOARD

Tamihana Nuku, *Chairman*

Robert Cottrell

Serena O'Donnell

Tirohia Bridger

Shane Hiha

Shane Walker, *Assistant Trustee*

Heitia Hiha, *Pakeke Trustee*

RURAL PROFESSIONALS

Robert Cottrell, *Farm Consultant*

Ewan Gardiner, *Gardiner Knobloch Limited*

FARM STAFF

Carl Read-Jones, *Operations Manager*

Paul Crooks, *Stock Manager*

Daniel Jordon, *Shepherd*

Louise Watt, *Shepherd*

Zane Walker, *Shepherd General*

FARM DESCRIPTION

Te Awahohonu Forest Trust comprises 21,000ha of land. Within this Tarawera Station is a 3,546ha sheep and beef property (including leases) situated on State Highway 5 approximately 60kms north west of Napier. The farm consists of 2,865ha effective pasture and 681ha of riparian areas, gorges and undeveloped areas. Contour consists of small areas of flat land, with the balance moderate to steeper hill country. Soils are predominantly pumice with areas of mudstone, sandstone and greywacke. Tarawera Station winters around 19,500 sheep SU, and 9,500 cattle SU. The Station employs five full time staff with casual staff and contractors employed during peak work periods.



»» Te Awahohonu Forest Trust – Tarawera Station

HISTORY OF THE FARM

Tarawera Station is a relatively minor portion of Te Awahohonu Forest Trust's 21,000ha land-based asset, but remains its oldest business.

In 1965, six years before the Trust was formed, the farm was developed under Part 24 of the Māori Affairs Act 1953.

The Trust took control of the farm's operations in 1987 following its return to its Ngāti Kahunungu and Ngāti Hineuru owners. Its first priority was to reduce a \$560,000 debt.

The Trust owned 2,623ha hill country property sits between 340m and 740m above sea level on a plateau of predominantly pumice soils and has been building performance since 1991. Today, Tarawera Station runs nearly 30,000 SU on 2,865ha effective, including recently leased land adjoining the main farm.

Its Highlander composite flock includes 16,000 ewes and 5,000 replacement ewe lambs with high lambing percentage records and carcass quality put down to better feeding and improved genetics.

The Red Stabilizer beef herd is made up of 1,000 breeding cows plus heifer replacements and finishing steers and bulls. Calving is around 85% with all surplus cattle finished prime.

Fertiliser is applied annually over the whole farm and feed budgeting ensures early decisions can be made around feed supply and feed allocation. Stock numbers will be down this year due to the impacts of drought but on average the farm produces between 8 – 9 tonne DM/ha each year.

Over the last two decades Tarawera Station's 1,150 shareholders have benefited from two increases in annual cash dividends. Social benefits are also provided via contributions to marae and through an annual education grant. Te Awahohonu Forest Trust has also invested in Miraka Ltd.

Trust succession planning is facilitated through the capacity building Assistant Trustee Programme, which develops future leaders by involving them in board activities. In 2013, with support from BNZ, one young owner joined the crew of the Spirit of Adventure as part of the Trust's rangatahi leadership development programme.

The Tarawera Station team manages its environmental responsibility through a number of initiatives including fencing and protecting riparian margins and installing alternative water reticulation systems for stock.

Tarawera Station also regularly benchmarks itself against its peers by taking part, often successfully, in farming competitions. In 2009, for example, station manager Carl Read-Jones won the Silver Fern Farms' Hawke's Bay Farmer of the Year competition.

Tarawera Station maintains over 10,000ha in mature native forest, home to protected bird species such as the whio (blue-billed duck) and kiwi. A similar area is in production forest.

The majority of the farm adjoins production forested and undeveloped land to the north, west and south with the eastern and northern boundaries being the Mohaka and Waipunga rivers. The forest and bush boundaries make it susceptible to possums and other vector pests and TB in cattle is an issue. A rigorous control programme managed by the Animal Health Board, which includes annual cattle testing, has been undertaken for a number of years.

Despite such hurdles, when the Trust first entered the Ahuwhenua Trophy competition in 2004 it came out as the East Coast regional finalist. No overall winner was announced that year but it was always the Trust's intention to take another shot. As one kaumātua explained, "we've got unfinished business."



»» Te Awahohonu Forest Trust – Tarawera Station

GOVERNANCE AND STRATEGY

VISION

*“Tarawera, Te Awahohonu
Ngā whenua tuku iho o ngā tipuna”*

(Tarawera, Te Awahohonu land remains forever passed down from our ancestors)

MISSION

Te Awahohonu will be commercially successful while continuing to grow the asset base sustainably for the benefit of current and future generations of owners.

STRATEGIC PLAN

Goals

- Demonstrate business excellence
- Build strong connections with our owners
- Enhance and protect our natural resources.

The Trust develops their strategic plan by undertaking independently facilitated Trust planning retreats every five years. These planning sessions include all trustees and the Trust's key advisors.

The purpose is to develop objectives and goals for the medium to longer term. These goals and objectives are prioritised and a plan is developed. Feedback and endorsement from owners are sought through the AGM process.

Five year Business Plans are developed for each entity to support the strategic goals of the Trust. These include targets and KPIs. Annual Management Plans (AMPs) are prepared each financial year and include draft budgets and capital expenditure. These require the approval of the Farm Committee and full Trust Board. AMPs are aligned to each entity's Business Plan. Approved budgets are formalised in the Cash Manager format and are accessible on line. Budgets are revised in February each year.

Strengths

- Strong and collective governance and management teams
- Commitment to establishing strong owner, business and stakeholder relationships.

Weaknesses

- Limited ability to control commodity returns.

Opportunities

- To collectivise the Trust's scale with other Māori organisations and business partners
- To continue to grow our people through education, training and leadership development pathways.

Threats

- Not adapting to the changing world environment through a lack of good vision and strong leadership
- National and Regional legislative compliance which affect the long term viability of our Māori land based businesses.

Values and Business Principles

- **Whakapono:** honesty, integrity, transparency and trust
- **Kaitiakitanga:** nurturing our taonga whenua, tikanga and people
- **Whanaungatanga:** unity, connection and pride
- **Tauwhiro:** excellence, innovation, enquiry, improvement and risk minimisation.



»» Te Awahohonu Forest Trust – Tarawera Station

GOVERNANCE

Mandate from owners:

Trustees are conscious that they need the full support of their owners in whatever they do. This support has been achieved through:

- Being commercially successful
- Carrying out robust due diligence on investments
- Communicating effectively with owners (wānanga, field days, media and AGMs)
- Timely annual reporting with audited annual accounts (AGMs held within four months of balance date)
- Regular owner open days on farms and forest
- Special purpose wānanga
- Formal notified resolution processes at AGMs.

Process for selecting the Governance team:

- Each of the five trustees is elected for a five year term after which they stand down or offer themselves for re-election; any new trustee must be approved by the Māori Land Court
- A Pakeke Trustee programme allows for the retirement of trustees while retaining their skills on the Trust thus facilitating a succession process while retaining knowledge and mana
- An Assistant Trustee programme allows the Trust to appoint and develop potential future trustees over a 12 – 18 month term; selection is carried out by the trustees through an application and interview process.

The Trust has a valuable mix of skills. These include tikanga, business, finance, administration and leadership skills. It also has a good mix of youth and gender in its membership.

Trustee development and training approaches:

- The Assistant Trustee programme is part of the Trustee development strategy
- The Trust encourages further education and trustee upskilling
- Trustees attend selected business and industry programmes
- Trustees are actively involved in business committees with advisors and managers
- Trustees are involved in industry working groups and attend field days, industry seminars, economic summits and business forums.

The Trust selects the most capable people for their advisory roles. Appropriate professional advice is always engaged wherever specialised assistance is required. Key partners such as bankers, accountants, legal advisors, service providers and other specialists are utilised to support business decisions by trustees and management.

»» Te Awahohonu Forest Trust – Tarawera Station

SOCIAL / COMMUNITY / NGĀ TIKANGA MĀORI

SOCIAL / COMMUNITY

The Trust demonstrates its support to the shareholders, staff and the community in a number of ways including direct contribution, shared support with other stakeholders and strategic partnerships with business and community stakeholders.

The Trust's distribution policy is a mix of commercial and social dividends, these include:

- An annual sustainable commercial dividend to shareholders
- Education grants (for up to three years) to six tertiary students annually
- Tangihanga grants to owners
- Annual contribution to marae maintenance
- BNZ contribution to the Trust's leadership programme through the Spirit of Adventure initiative.

Other initiatives:

- Farm staff contribute towards school fundraising initiatives and community events and services
- Staff are encouraged and assisted to upskill
- The Trust has initiated wānanga with owners to encourage and facilitate education and leadership pathways for adults and rangatahi.

Strategic partnerships include:

- Te Awahohonu Forest Trust is part of the Awhina Group, an alliance with other Māori authorities in the Central North Island engaging in collective marketing initiatives, group purchasing, information and cost sharing and project evaluation
- Te Awahohonu Forest Trust is a member of the Federation of Māori Authorities
- Te Awahohonu Forest Trust has ongoing strong relationships with the Animal Health Board and Hawke's Bay Regional Council as well as their key business partners.

NGĀ TIKANGA MĀORI

Te Awahohonu Forest Trust upholds their tikanga in all of their forums including engagement in business arrangements with partners and stakeholder communities.

Waahi tapu and sites of significance have been identified and mapped for protection. Sites like the historic Toropapa Pa have been permanently fenced for protection and the Trust has successfully initiated pest eradication programmes on their large undeveloped estate to protect native flora and fauna.



»» Te Awahohonu Forest Trust – Tarawera Station

FARM DATA AND FINANCIAL DATA

FARM DESCRIPTION

Total area ha	3,546ha
Effective grazing ha	2,865ha
Subdivision	245 paddocks
Water supply	Some areas are reticulated from bore and springs to troughs but predominantly dams, springs and streams
Contour	Predominantly medium to steep hill country with a small area of flats.
Pasture	Mainly older ryegrass and clover on the hills with areas of developed pastures on the flats and recently developed areas
Fertiliser applied for year kg/ha	250kg to 350kg/ha per year depending on soil tests
Seasons rainfall mm	1067mm (1 June 2011 to 31 May 2012)
10 yr rainfall mm (nearest location)	960mm/annum average (Tarawera Station)
Olsen P	Average 22 – 30
Soil Ph	Average 5.7 – 5.8

OPENING LIVESTOCK NUMBERS

Stock Numbers 30th June	2009-10	2010-11	2011-12
SHEEP			
MA Ewes	9,821	11,560	11,454
2 Tooth Ewes	3,668	3,432	4,618
Ewe Hgts	0	2,595	2,948
In Lamb Hgts	2,968	2,500	2,000
Ram Hgts/Trade Lbs	955	1,299	361
Rams	175	147	149
Other Sheep	0	0	0
Total	17,587	21,533	21,530
Total Sheep SU (SSU)	16,672	19,835	20,108
CATTLE			
MA Cows	693	729	760
IC R2 Hfrs	177	220	207
Dry R2 Hfrs	4	137	0
R1 Hfrs	359	371	372
R1 Bulls	0	0	0
R2 Bulls	0	0	0
MA Bulls	0	0	0
R1 Steers	373	356	387
R2 Steers	0	103	2
MA Steers	0	0	2
Breeding Bulls	23	23	26
Total	1,629	1,939	1,756
Total Cattle SU (CSU)	8,481	10,107	9,196
Dairy Hfrs SU			
Deer SU			
Total SU	25,153	29,942	29,303
Stocking Rate/ha	8.8	10.5	10.2
Sheep/Cattle Ratio	66:34	66:34	69:31



Te Awahohonu Forest Trust – Tarawera Station

FARM PHYSICAL AND FINANCIAL SUMMARY

	2009-10	2010-11	2011-12
PHYSICAL SUMMARY			
Effective Area (ha)	2,865	2,865	2,865
Total SU	25,153	29,942	29,303
SU/ha	8.8	10.5	10.2
Sheep/Cattle Ratio	66:34	66:34	69:31
Labour Units	5.50	5.50	5.50
Total SU's/Lbr Unit	4,573	5,444	5,328
Scanning % MA Ewes*	173%	175%	178%
Scanning % 2th Ewes*	165%	177%	177%
Lambing %	123%	124%	137%
Calving % ¹	86%	83%	84%
Sheep D&M %	7.7%	11.7%	11.6%
Cattle D&M %	5.6%	3.5%	5.1%
Wool kg/SSU	4.32	5.34	4.10
Wool \$/Kg Greasy	\$2.26	\$3.78	\$3.54
Number of Lambs Sold	12,816	14,082	17,632
Lambs Sold \$/Head	\$85	\$110	\$101
FINANCIAL SUMMARY			
GFR/ha	\$723	\$1,091	\$1,096
FWE/ha (Adj)	\$358	\$482	\$451
FWE as a % of GFR	50%	44%	41%
EFS/ha	\$309	\$549	\$589
Debt Servicing % GFR	0%	0%	1%
Farm Profit Before Tax	\$528,294	\$1,302,536	\$1,400,531
Farm Profit Before Tax/ha	\$184	\$455	\$489
Return on Capital	5.8%	9.4%	10.3%

N/A = Not Available

GFR = Gross Farm Revenue

FWE = Farm Working Expenses Adjusted for Fert & R&M

EFS = Economic Farm Surplus

EFS = GFR minus FWE minus wages of management (Excludes Rent & Interest)

* Excluding Triplets

¹ Calculation of Calving %; the number of calves marked as a percentage of in calf cows on hand 1st July.

2011-12 BENCHMARKING PERFORMANCE – BEEF+LAMB NZ FARM SURVEY DATA

BASED ON 2011-12 SURVEY (PROVISIONAL), CLASS 4 EAST COAST QUINTILE ANALYSIS RANKED BY EBITR PER HECTARE				
	Unit	Mean	Tarawera Station	Variance %
Effective Area	ha	530	2,865	441%
Stocking Rate	SU/ha	8.6	10.2	19%
Lambing	%	125	137	-
Sales All Lambs	\$/head	110	101	-8%
Gross Farm Revenue	\$/ha	937	1,096	17%
Total Expenditure	\$/ha	610	607	0%
EBITR	\$/ha	434	535	23%

2011-12 B+LNB Farm Survey Data is provisional and farm comparisons should be regarded as only approximate

See also the footnotes below the 2010-11 Benchmarking Performance table on the next page.



Te Awahohonu Forest Trust – Tarawera Station

2010-11 BENCHMARKING PERFORMANCE – BEEF+LAMB NZ FARM SURVEY DATA

BASED ON 2010-11 SURVEY, CLASS 4 EAST COAST QUINTILE ANALYSIS RANKED BY EBITR PER HECTARE						
Class 4 2010-11	Unit	Top 20%	Mean	Tarawera Station	Variance % Mean	Top 20%
Effective Area	ha	642	530	2,865	441%	346%
Total Labour Units	No.	1.89	1.68	5.50		
Open Total	SU	5,660	4,683	29,942		
Stocking Rate	SU/ha	8.8	8.8	10.5	19%	19%
Sheep:Cattle SU Ratio	%	60:40	64:36	66:44		
Lambing	%	133.9	121.5	124%		
Calving ¹	%	78.3	80.0	79.3%		
Sheep Loss	%	4.6	6.0	11.7%		
Cattle Loss	%	2.1	2.0	3.5%		
Wool Shorn	kg/SSU	5.62	5.26	5.34		
Wool net before freight	\$/kg	3.68	3.63	3.78		
Sales All Lambs	No.	2,960	2,028	14,082		
Sales All Lambs	\$/head	115.50	105.46	110	4%	-5%
Gross Farm Revenue	\$/ha	1,002.83	839.57	1,091	30%	9%
Gross Farm Revenue	\$/SU	113.82	94.98	104.0		
Wool Revenue	\$/SSU	20.84	19.30	20.20		
Sheep Revenue	\$/SSU	118.37	85.53	95.60		
Sheep+Wool Revenue	\$/SSU	139.20	104.83	115.81	10%	-17%
Cattle Revenue	\$/CSU	74.76	68.68	80.88	18%	8%
Dairy Grz Revenue	\$/DzSU		70.80	0.00		
Deer+Velvet Revenue	\$/DSU	78.61	84.14	0.00		
Total Expenditure	\$/ha	544.06	576.23	636.28	10%	17%
Total Expenditure	\$/SU	61.75	65.19	60.88		
Wages	\$/SU	4.27	4.90	6.78	38%	59%
Animal Health	\$/SU	4.49	3.97	3.60		
Shearing	\$/SU	5.17	4.62	7.20		
Fertiliser	\$/SU	8.80	10.94	13.51	23%	54%
R & M	\$/SU	6.14	5.20	5.40	4%	-12%
Administration	\$/SU	2.08	2.07	4.18		
Insurance & ACC	\$/SU	2.18	1.85	1.03		
Rates	\$/SU	2.13	1.97	1.12		
Interest	\$/SU	11.33	11.24	0.05		
EBITR	\$/ha	577.13	383.84	485.73	27%	-16%
EBITR	\$/SU	65.51	43.42	46.48		

Note: 'Total Expenditure' Includes Managerial Salaries Interest & Rent

EBITR = Earnings Before Interest Tax & Rent

¹ B+LNZ Calculation of Calving %; the number of calves marked as a percentage of cows mated (Includes dry cows and is adjusted for the sale or purchase of in-calf cows)

Class 4 = Easier hill country, carrying between eight and thirteen SU per ha, a high proportion of sale stock sold is in forward store or prime condition.



»» Te Awahohonu Forest Trust – Tarawera Station

FARM FINANCIAL AND BENCHMARKING PERFORMANCE

GOALS

- \$550 EFS per effective ha annually
- Farm expenses 55% of GFI
- 150% ewe lambing survival to sale
- 90% calving survival to weaning
- 280 – 300kg product per ha
- Benchmarked within top 20% of land class annually
- Greater value chain integration
- Attract, retain and grow strong management teams.

With the acquisition of a new finishing property Tarawera Station will transition to a predominantly breeding property over the next two years. This change will alter the ratio of store and prime stock sold from this property. The above goals may alter slightly as larger proportions of store stock vs prime stock sales occur in future.

Goal expectations are based on maintaining top 20% production performance year on year and product prices moving closer to the 2011 and 2012 levels for sheep meat.

Lambing and calving goals are targets for 2014 and 2015 respectively. Lambing % in 2013 may be impacted by this year's drought.

Benchmarking of business performance is carried out annually.

Greater value chain integration is an objective set for 2017.

Maintaining high quality staff recruitment, retention and training strategies are key business objectives of the Trust.

KPIs

- Stocking rate/ha
- Production per/ha
- Gross Farm Income/ha
- Farm Surplus/ha
- Return on investment (ROI).



»» Te Awahohonu Forest Trust – Tarawera Station

STRATEGIES

The Trust sees the optimal winter stocking rate rising to between 10.5 – 11 SU/effective ha on a normal year basis as undeveloped pastures on leased areas are improved and overall pasture production rises. It is anticipated that annual GFI will return closer to \$1,000/ha as sheep and beef returns rise in 2014. The target ROI for this business is a minimum of 8%.

The Trust is comfortable with the financial performance to date. This has allowed further business growth and investment. There have been incremental improvements in sheep production over the last few years with slightly less growth in cattle performance. Management has maintained good cost control in most areas while continuing to maintain the asset.

The current ROI is seen as acceptable for this land class and value. This year (2013) will see a reduction in financial performance and ROI due to the impacts of drought.

Areas to focus on:

- Reducing wastage in sheep and cattle through improved feeding and stock policy adjustments
- Further improvements in sheep and cattle performance through feeding and genetics
- Capital improvements in stock water reticulation
- Climate mitigation strategies incorporating both farm properties
- Improving technology systems (Farmax and Ag Hub)
- Further enhancement of marketing initiatives through Awhina Group and other partners.

Strategies currently implemented:

- Adopting profitable innovation technologies (embryo sire selection, EID technology, meat yield analysis)
- Simplifying farm systems and farm policies to better align with land class characteristics (assisted by new property purchase)
- Collecting and utilising key decision information through (climate data, soil testing, pasture recording, feed analysis, nutrient data, financial reports, faecal egg counts, blood testing, scanning and weighing stock, sale data analysis, EID technology, genetic data)
- Ongoing upskilling of management and staff (business management groups, monitor farms, Ag ITO (Primary ITO) and other courses)
- Enhancing integrated supply options and marketing through collective arrangements and partnerships.

»» Te Awahohonu Forest Trust – Tarawera Station

FARM PRODUCTION TARGETS AND MANAGEMENT PRACTICES

SHEEP AND WOOL PRODUCTION

Sheep – Goals and Targets:

- 16,500 ewes and 4,800 hoggets wintered 2014
- Ewe lambing 150% survival to sale by 2013
- Nil hogget mating
- 25% lambs sold prime @ 17.5kg cwt +; balance transferred to finishing unit
- Wool production 5.5kg/sheep SU.

Breeding ewe numbers of 16,500 and ewe hogget numbers of 4,800 are targets where we see long term sustainable production goals. As a trial ewe hoggets will not be mated in future as an initiative to reduce sheep wastage and improve sheep performance. Larger numbers of store stock will be transferred for finishing in future.

CATTLE PRODUCTION

Cattle – Goals and Targets:

- 1,200 breeding cows and heifers calving in 2014
- 90% calving survival to weaning
- All bulls finished at 290kg – 300kg cwt @ 15 – 18 months
- Limited yearling heifer mating
- Weaner cattle transferred to finishing unit (steers 230kg, heifers 210kg – April).

As part of their breeding strategy the cow herd will increase to 1,200 head in 2014. It is proposed that nil or very limited yearling heifer mating will take place as an initiative to lift overall cow performance and reduce cattle wastage.

Between 50% and 70% of all weaners will be transferred to the Trusts finishing property at weaning in April.

FLOCK AND HERD FERTILITY

Sheep fertility:

- Current ewe and 2th scanning is 177%
- The scanning target is 185% with a lambing % goal of 150% survival to sale.

Cow performance:

- The current calving is 84% with a target of 90%+.



»» Te Awahohonu Forest Trust – Tarawera Station

ANIMAL HEALTH

Managing animal health on Tarawera Station requires constant monitoring by management. In most instances optimal feeding is the best mitigation tool for addressing animal health issues.

The current animal health spend is \$3.60/SU.

The main animal health issues on Tarawera Station are:

Sheep:

- Internal parasites and trace elements (cobalt and selenium)
- Seasonal flystrike
- Protection against clostridial diseases, toxoplasmosis, campylobacter and salmonella
- Protection from winter shearing programmes (May to October).

Cattle:

- Trace elements (copper and cobalt)
- Clostridial diseases
- Bloat
- TB
- BVD in cow herd.

All of the above are managed through a strategic and planned approach utilising appropriate drenches, vaccines, dips, fertilisers, testing protocols and protection tools (cover combs and lifters for winter shearing). A key part of the animal health strategy is to periodically engage a respected and independent animal health professional for advice in this specialised area of management.

PASTURE MANAGEMENT, CROPS, SUPPLEMENTS, WEED CONTROL

Tarawera Station currently grows between 8,000 and 8,500kg DM/ha/annum. Surplus spring pasture is harvested as baleage and fed in winter with crops. Crops of rape and swedes/kale are grown as a pasture improvement tool and as supplementary summer and winter feed. Between 70 and 90ha are grown annually. Feed budgeting is carried out to monitor pasture growth and manage feed demands. Strategic nitrogen applications are made when required to fill projected feed deficits.

Annual blackberry control programmes and weed control in new grasses are the only weed control programmes.

SOIL MANAGEMENT AND FERTILISER

Managing soils and maintaining soil fertility is a priority. This is achieved through:

- Annual soil testing and Nutrient Management Plans
- Annual fertiliser applications to optimise soil nutrient requirements
- Strategic capital fertiliser applications
- Proof of placement fertiliser technology
- Direct drilling methods to minimise nutrient loss and erosion
- The farm Soil Conservation Plan
- Waterway protection initiatives and strategic plantings.



»» Te Awahohonu Forest Trust – Tarawera Station

FARM STAFF

An operation's manager and four permanent staff are employed on the Station. Casual staff and contractors are employed for peak work periods.

The Trust sees staff as one of their most important resources. High quality management and staff are the most important factors in the success of their businesses. Employing the best people, rewarding them adequately and providing them with the best resources and training are key factors in ensuring an ongoing successful and resilient business. Staff are encouraged and assisted to upskill in areas that are beneficial to the Trust business and their personal growth. Retention of capable staff is important, however the Trust do not discourage staff from seeking advancement elsewhere.

The Trust strategy is to recruit the most capable people and support them with training as required. The key characteristics looked for in staff are skills and capability, attitude, passion for the industry, adaptability and ability to fit into a team environment.

Employees have defined job descriptions and formal annual performance reviews are carried out across all staff. Training needs are assessed as part of the review process and based on role expectations, new technologies, farm systems and farm policies. The Trust rewards staff for performance.

Rural professionals are used where specialised professional skills are required. Expert professionals will be engaged where additional capacity is required to best assess, evaluate and advise on individual projects or topics. These may include bankers, accountants or specialist consultants depending on the area of expertise required.



»»» Te Awahohonu Forest Trust – Tarawera Station

ENVIRONMENTAL / SUSTAINABILITY GOALS AND PRACTICES

GOALS

The Trust's environmental goal is to protect and enhance their natural resources (land, air, water, flora and fauna) for future generations while remaining economically viable.

KPIs

- Reducing the impact of land based activities on water quality in our rivers and streams (stock exclusion from waterways)
- Reduced soil erosion from farms and forest (sod conservation plan)
- Optimisation of fertiliser inputs (nutrient budgets)
- Mitigating nutrient loss (nutrient budgets)
- Mitigating Green House Gas (GHG) emissions (farm systems and production efficiencies)
- Native forest protection and enhancement (pest control)
- Enhancing the endangered species environment on our land (pest control).

STRATEGIES

The Trust is continually evaluating options to improve their environmental impacts. Areas that still need to be worked on are:

- To continue planting vulnerable erosion areas and gullies
- Development and extension of a reticulated stock water system so that further waterway protection can be achieved (10 – 20 year plan)
- Investigate effective and profitable GHG mitigation options (planting, farm systems and production efficiencies)
- Ongoing pest control in native areas
- Continuing initiatives to improve endangered species habitats and survival.

Strategies currently being implemented:

- The Trust has a Soil Conservation Plan in place
- Direct drilling of crops and grasses
- Annual soil testing and Nutrient Management Plans
- Proof of placement fertiliser initiatives
- Waterway protection programmes undertaken
- Sustainable forest harvest systems and protocols in place
- Endangered species assessments and species habitat identification and reporting (kiwi counts carried out on native resource and whio habitats identified)
- Strategic 1080 applications to indigenous areas under threat.

»» Te Awahohonu Forest Trust – Tarawera Station

ENTREPRENEURSHIP AND INNOVATION

The Trust's strategy is to stay informed and where appropriate adopt profitable technologies where they benefit their businesses.

This also applies to the Trust's networks and partners where collaboration and/or business arrangements align through their common goals and values.

- The Trust is a member of the Awhina Group which is a collaborative alliance of Māori authorities engaged in collective marketing initiatives, bulk purchasing agreements, project evaluation and information and cost sharing opportunities
- The Trust is a 50% shareholder in Toropapa Joint Venture (an entity established to purchase the Crown share in the forest on Trust land in 1999); the forest is currently being harvested with the Trust replanting and owning 100% of the second rotation
- In addition the Trust is a shareholder in Miraka Ltd
- It participates in a number of Māori agribusiness focus groups over time (GHG emissions, lamb finishing on hill country)
- On farm initiatives include application of EID technology and use of embryo sire selection technology.

FARM INFRASTRUCTURE

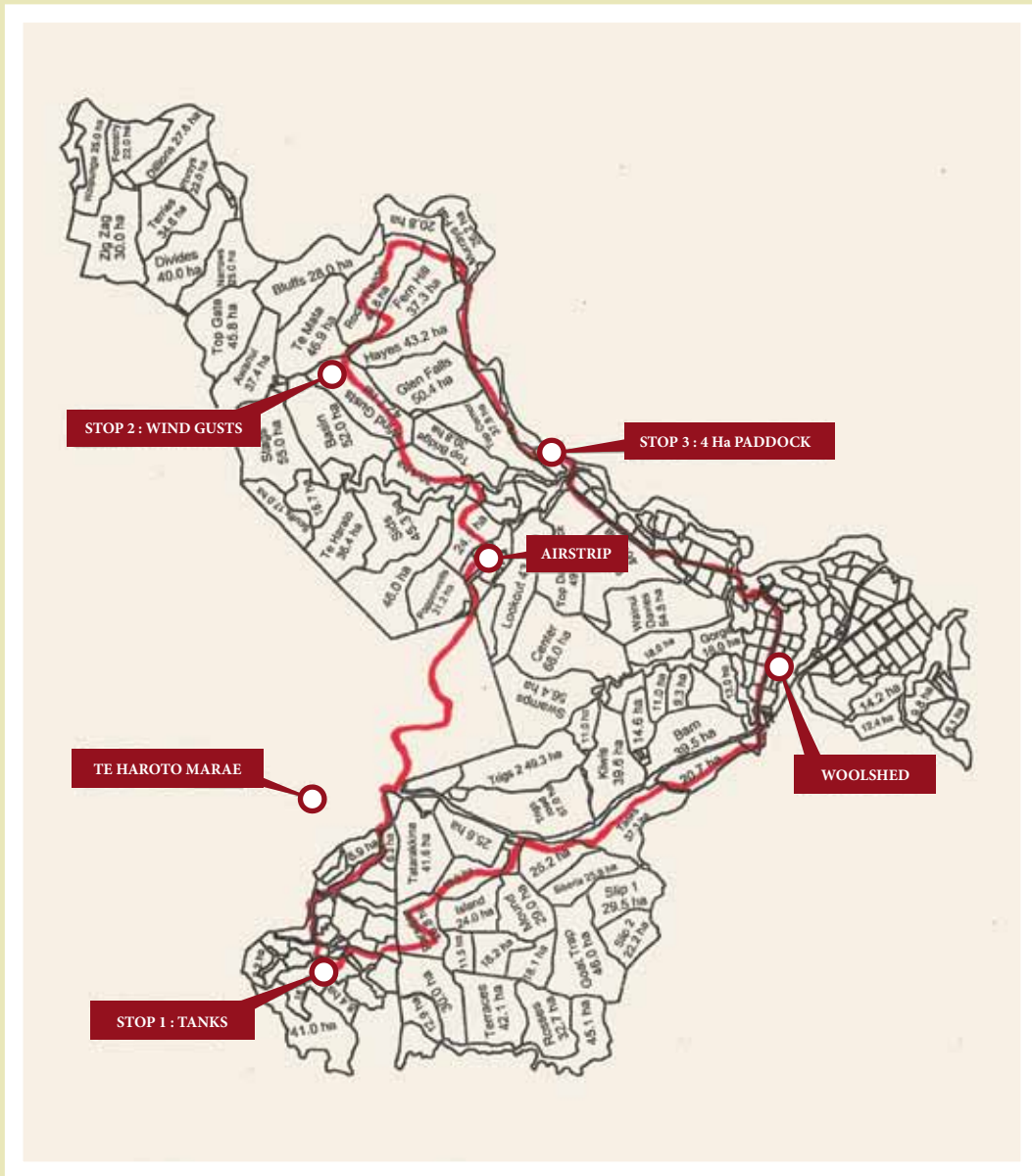
Over the last 10 – 15 years Tarawera Station has undertaken major upgrades to infrastructure through improved soil fertility, farm access, upgrades to buildings and yard facilities, subdivision and water supply systems. Further water supply upgrades and subdivision are required to maximise the remaining potential of Tarawera Station while ensuring this property retains its resilience to withstand the increasing occurrence of adverse events such as drought. A 10 – 20 year programme is being evaluated and developed to fully reticulate the water supply on this hill country property. The farm layout does pose some challenges for management with access sometimes threatened by extreme rain events. In the main this has been overcome by better stream crossings for stock and vehicles.

While all buildings and facilities are annually maintained, significant upgrades to housing have been initiated and are ongoing. Farm buildings and yards have also been upgraded within the last ten years while development of strategic satellite facilities to improve efficiencies continues. Stock handling facilities continue to be adapted to accommodate technology, new equipment, improve staff safety and animal welfare.



»» Te Awahohonu Forest Trust – Tarawera Station

FARM MAP



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»» Te Hape B Trust – Te Hape Station

1106 State Highway 30, R.D.7 Te Kuiti
Field Day Thursday 9 May 2013



»» Te Hape B Trust – Te Hape Station

9.00	Pōwhiri at Te Miringa Te Kakara Marae, 1106 State Highway 30, Bennydale
9.40	Karakia – Morning Tea
10.00	Introduction to Field Day Programme and History of the Ahuwhenua Trophy
10.25	History/Governance/Business Structure
11.10	Travel to Stop 1: Airstrip
11.30	Stop 1: Pasture/Cropping Programme/Fertiliser/Infrastructure/Forestry
12.00	Travel to Stop 2: Waikoromiko Stream Gorge Paddock
12.15	Stop 2: Environmental/Regional Council Partnership/Whole Farm Plan
12.45	Travel to Stop 3: Back Yards
1.05	Arrive at Stop 3 - Lunch
1.35	Stop 3: Stock Policies, Cut and Carry Feed
2.05	Travel to Stop 4: Airstrip Waiatara
2.35	Stop 4: Ngā Whenua Rāhui, Stocking Policy on Waiatara
2.55	Travel back to Woolshed
3.20	Reconvene – Introduction of Afternoon Programme
3.25	Farm Financial Performance and Future Strategic Direction and Questions
4.00	Award Ceremony and Presentations
4.35	Kai and Refreshments

Note: times are approximate

IMPORTANT NOTES FOR FIELD DAY ATTENDEES

The owners of the property wish to point out to all visitors to their property that a number of potential hazards exist in the course of travelling over the property in vehicles, moving around the yards and facilities, and in handling stock. All visitors should note that only 4WD vehicles are to be taken onto the property. Where visitors do not have their own 4WD vehicles, people are requested to share vehicles.

While the owners have taken all reasonable care in making your visit to the property as safe as possible, including preparation of a Health and Safety plan for the day, they clearly point out that you enter the property at your own risk.

The owners will accept no responsibility for any accident or injury to any person or property that takes place while you are visiting.



»»» Te Hape B Trust – Te Hape Station

WHAT IMPRESSED THE JUDGES

GOVERNANCE AND STRATEGY

- The Trust has strong governance and engagement with their key professionals
- Plans are in place for both how to make the business run and how to spend the profits; this was a very professional approach and a true credit to the trustees.

SOCIAL / COMMUNITY / NGĀ TIKANGA MĀORI

- The Trust has focused on their waahi tapu and protection of these sites
- The 30% of net farm profit distribution policy is outstanding and demonstrates why the business operates to a high level and what it can achieve.

FINANCIAL AND BENCHMARKING

- GFR of \$831/ha over a three year period with 2010/11 result being 2% higher than Beef + Lamb New Zealand (B+LNZ) Farm Survey benchmark average
- EBITR of \$288/ha over a three year period with 2010/11 result being 4% higher than benchmark average
- The Trust has made major investments in subdivision, pasture improvement and bringing partially developed blocks into full production
- Investment in a liming programme, capital fertiliser, R & M and pasture renewal demonstrates a focus on lifting production and returns.

FARM PRODUCTION TARGETS AND MANAGEMENT PRACTICES

- Te Hape B Trust has improved feed efficiency over the last four years from 37.1kg DM/kg product to 33.3 in 2012
- The Trust utilises Farmax software well for monitoring performance and have targeted utilisation and productivity levels in place.

FARM STAFF

- Te Hape B Trust has a good relationship with the staff on their properties as witnessed by the long tenure of farm staff.

ENVIRONMENTAL / SUSTAINABILITY GOALS AND STRATEGIES

- Environment focus as evidenced by the land under Ngā Whenua Rāhui
- Fencing off waterways was underway and backed with a plan for further development.

ENTREPRENEURIAL / INNOVATION

- Entrepreneurship demonstrated through searching out direct markets to improve return for owners
- Purchasing of other businesses as the Trust has gone past the critical mass needed to run this farm consistently well through time.



»» Te Hape B Trust – Te Hape Station

DIRECTORY

Tribal affiliation: Rereahu

Number of owners: 854

TRUSTEE/BOARD

Hardie Peni, *Chairman*

Vicki Leevey, *Vice Chair*

David Tutaki

Paul Thackray

Lee Crown

Glen Katu

RURAL PROFESSIONALS

Peter Livingston and Darren McNae, *AgFirst Consultants*

Roger Wilson, *PriceWaterhouseCoopers*

FARM STAFF

Ian Valler, *Station Manager*

George Dawson, *Head Shepherd, Waiatara Block*

David Tutaki, *Head Shepherd, Te Hape Block*

Stan Mikara, *Shepherd General*

Zoe Husband, *Shepherd General*

Gilson Sharp, *General Hand*

Stuart Brown, *General Hand*

Edward Moana, *Caretaker*

FARM DESCRIPTION

Te Hape B Trust, along with a number of other closely related entities, comprises 10,000ha of continuous land. The Trust owns Te Hape Station, a 4,641ha property (including 147ha leased) sheep, beef and forestry operation located some 40km southeast of Te Kuiti. The farm consists of 3,100ha effective pasture 172ha forestry, 1,222ha land banked under Ngā Whenua Rāhui. The contour is primarily rolling with the soil type primarily light pumice. The farm winters approximately 31,000 SU of which 62% are sheep and 38% cattle. Te Hape B Trust employs seven full time staff and in addition has a caretaker whose role is spread across both Te Hape B and our sister trust, Tiroa E.



»» Te Hape B Trust – Te Hape Station

HISTORY OF THE FARM

Two years ago the Tiroa E and Te Hape B Trust decided that they needed to lift their public profile. The trustees made a commitment to enter Te Hape Station in the next Ahuwhenua Trophy competition as a way of measuring itself against other sheep and beef farms.

This achievement, says chairman Hardie Peni, has been a natural progression for Te Hape Station.

Along with its sister properties, Tiroa, Waipa, and Wharekiri, Te Hape Station makes up the largest continuous area farmed by one entity in the Waitomo district. Located 500m above sea level, it contains the head waters of three major awa; Waipa, Waimiha and the Mokau River, 1,222ha of native bush under Ngā Whenua Rāhui covenant, as well as maturing stands of Radiata Pine.

Today, 854 shareholders, all descendants of Rereahu, son of Raukawa, and father of Maniapoto, own the land which has a significant number of sacred sites within its boundaries including the Te Hape and Te Miringa te Kakara Marae.

It was originally surveyed in the late 1890s with cutting rights to mill rimu, totara and matai until the mid-1960s. By the late 1950s Te Hape Station was developed by the Department of Māori Affairs and then handed back to the owners in 1974 encumbered with debt and with little experience in mainstream governance or business management. However the benefits of improved subdivision, pasture management and changes to genetics are now starting to show positive results.

As a breeding and finishing unit, Te Hape Station is the largest operation in the Trusts' 10,000ha land portfolio. It uses both leased and ancestral lands to run on average 31,000 SU of which are 62% Perendale cross sheep and 38% of which are cattle, mainly Angus.

The day to day management of the farms has always been carried out by very experienced and skilled farm managers, some of whom have been in these positions for a number of years. Winters on the station can be tough so farm manager, Ian Valler and his staff try to finish as many animals as possible and reduce capital stock numbers before the weather changes through utilising cropping to improve live weight gain and fill feed gaps.

Te Hape Station took a brief venture into organic farming on Waiatara in which 234ha was fully certified and carried between 320 – 350 cattle plus 250 ewes. Although premiums were good, this operation was discontinued as the markets were immature, did not grow and proved to be erratic.

Today Tiroa E and Te Hape B Trust is economically strong enough to pay its shareholders dividends at 30% of net profit after tax. In addition, grants are offered for tangihanga and to eight marae whose affiliation whakapapa to Rereahu. Interest from unclaimed dividends goes toward education grants.

Tiroa E and Te Hape B Trust has also embarked on a diversification strategy involving interests in Malaysia, the United Arab Emirates, China and Taiwan. Closer to home, it is undergoing due diligence to purchase two nearby former Crafar dairy farms currently managed by Landcorp.



»» Te Hape B Trust – Te Hape Station

GOVERNANCE AND STRATEGY

VISION

“ma te whenua hei oranga te iwi mo ake ake ake”

With sustainable management and utilisation of the land, our Taonga will be preserved for future generations

STRATEGIC PLAN

Goals

- 2012: review of all policies to ensure alignment to the strategic direction of the Trust; consider the acquisition of a dairy farm (Crafar); improve productivity achieving \$550 to \$600 revenue per ha
- 2013: consider vertical integration opportunities; resolve tourism opportunities (Skywalk); explore diversification opportunities that align to social, cultural, environmental, and economic goals
- 2014: develop and provide support for further education programmes for all levels of staff.

The Strategic Plan was facilitated by an independent party. The outcomes were defined through a number of planning sessions and then presented to the shareholders at the 2012 AGM where it was adopted unanimously.

The Strategic and Business Plans have been optimised to assist the trustees to keep focused in taking Te Hape B Trust into the future. The Strategic Plan focuses on economic, environmental, social and cultural objectives.

Monthly board meetings are held to monitor the farm performance whereby financial performance is measured against the Farm Plan; budgets that have been set with monthly revenue (actual) and benchmarked against last year's achievements. Bi-monthly meetings are held on the farms with the managers, farm advisor, and the chairman to discuss farm performance, threats if any, budgets and impending changes within the agribusiness sector.

Strengths

- Size and scale
- Financial position and liquidity
- Planning, processes and systems
- Quality professional advisors
- Relationships with stakeholders
- Competent and capable staff
- Continuing ownership of the land
- Cultural heritage and values.

Weaknesses

- Price takers
- Seasonal trading
- No value added activities
- Inability to realise full capital growth.



»» Te Hape B Trust – Te Hape Station

Opportunities

- Set new tone from top by instilling pride, enthusiasm, and aspirations that will infiltrate the organisation as a whole
- Brand creation of a pro-active Māori agribusiness entity with top class New Zealand lamb and beef produce
- Increase productivity of current operations
- Borrowing and service of borrowing is possible as we have cash flow and no debt.

Threats

- Tenure of Trustees
- Weather effects
- Appropriate structure
- Clarity of roles (Trustees)
- Appreciating NZ dollar.

Values and Business Principles

The importance of whanaungatanga has been embraced by the trustees with values and principles that include:

Whakapapa: our links to our tupuna and the land they lived on

Wairuatanga: the spiritual feeling we experience when we connect to our whenua

Manaakitanga: duties and expectations of care and reciprocity

Kotahitanga: collective unity at all levels to be of one mind and united in our purpose

Rangatiratanga: leadership at all levels from owners, from governance, and from management that provides key direction to their respective roopu.

Critical to the success of Te Hape B Trust is the need to sustain and grow the assets, operations and revenues derived from farm activities. The trustees are committed to ensuring management employ the best staff for the job to enable them to achieve the highest returns from the land for the shareholders. This commitment begins with making decisions that are based on sound commercial and best farm practice.

GOVERNANCE

The Trust Order and its objectives empower the trustees to run the entity as if they were absolute owner. It allows for a maximum of seven trustees of which four out of the seven must be a shareholder or of Rereahu descendant. The Trust Order also allows for an Advisory Trustee.

The trustees have a wide range of skills which include, property investments and management, banking, HR management, tourism, directorship experience, negotiation experience, farming experience, management and administration skills, meat processing and forestry experience. Training and upskilling of all trustees is encouraged and has seen numerous attendances at iwi forums as well as governance training by a number of experts in this field.

Tenders are sought for price and services from advisors. Background checks are undertaken. Terms of reference and engagement are then outlined with the successful advisor outlining expectations and outcomes demanded. Trustees ensure that the successful advisor is fully inducted with an overview of the Trust.

»» Te Hape B Trust – Te Hape Station

SOCIAL / COMMUNITY / NGĀ TIKANGA MĀORI

SOCIAL / COMMUNITY

Marae: contribution of \$33,000 to each of the eight marae who whakapapa to Rereahu. This grant is for renovation and new projects. The eight marae each receive \$1,000 for administration purposes on an annual basis.

Tangihanga: allocation of six mutton and a cash payment of \$500 to the whānau of a deceased shareholder.

Kingitanga: annual koha of a beast to the Koroneihana held in Ngaruawahia and supply of meat or cash equivalent to the Poukai held at Te Tokanganui a Noho Marae in Te Kuiti.

NZ Shearing Muster: supply of 3,000 sheep to this annual event held in Te Kuiti.

World Record Attempts: provided venue and sheep to enable Kerri Jo Te Huia set a new world record of 507 lambs in an eight hour run, her brother Stacy Te Huia and his friend Sam Welch successfully set a new world record of 1,341 ewes in a nine hour run.

Education: grants are paid annually for education purposes from interest monies from unclaimed dividend account.

Wānanga: one off payments are made on a case by case for iwi development.

NGĀ TIKANGA MĀORI

Waahi tapu: we have identified and recorded all sites of significance on Te Hape Station. This information is held at Tiroa House and maps have been supplied to the farm manager.

Tikanga: three trustees have enrolled at Te Wānanga o Aotearoa in te reo classes. Mihimihi and karakia are undertaken prior to meetings being held and at the conclusion of the hui.



»» Te Hape B Trust – Te Hape Station

FARM DATA AND FINANCIAL DATA

FARM DESCRIPTION

Total area ha	4,641ha
Effective grazing ha	3,100ha
Subdivision	296 paddocks
Water supply	A reticulated water supply operates to 155 paddocks (50%) of the farm.
Contour	Predominantly rolling
Pasture	Pastures are a mix of ryegrass and browntop constantly improved through 100ha/annum of regrassing.
Fertiliser applied for year kg/ha	315kg/ha (whole farm average)
Seasons rainfall mm	1,331mm (12 months to 30 June 2012)
NIWA 10 yr rainfall mm (nearest location)	1,450mm (Te Kuiti)
Olsen P	Range 16 – 47. Average 25
Soil Ph	Range 5.5 – 6.1. Average 5.8

OPENING LIVESTOCK NUMBERS

Stock Numbers 30th June	2009-10	2010-11	2011-12
SHEEP			
MA Ewes	12,536	11,757	11,343
2 Tooth Ewes	2,857	3,575	4,226
Ewe Hgts	2,744	3,216	2,108
In Lamb Hgts	1,600	1,600	2,200
Ram Hgts/Trade Lbs	159	196	173
Rams	168	163	174
Other Sheep	0	0	150
Total	20,064	20,507	20,374
Total Sheep SU (SSU)	18,840	19,131	19,185
CATTLE			
MA Cows	628	686	724
IC R2 Hfrs	254	181	144
Dry R2 Hfrs	283	215	225
R1 Hfrs	260	364	375
R1 Bulls	0	135	7
R2 Bulls	0	143	138
MA Bulls	0	0	0
R1 Steers	363	244	379
R2 Steers	389	233	232
MA Steers	8	0	0
Breeding Bulls	20	23	32
Total	2,205	2,224	2,256
Total Cattle SU (CSU)	11,763	11,445	11,596
Dairy Hfrs SU			
Deer SU			
Total SU	30,602	30,576	30,781
Stocking Rate/ha	9.9	9.9	9.9
Sheep/Cattle Ratio	62:38	63:37	62:38



»» Te Hape B Trust – Te Hape Station

FARM PHYSICAL AND FINANCIAL SUMMARY

	2009-10	2010-11	2011-12
PHYSICAL SUMMARY			
Effective Area (Ha)	3,100	3,100	3,100
Total SU	30,602	30,576	30,781
SU/Ha	9.9	9.9	9.9
Sheep/Cattle Ratio	62:38	63:37	62:38
Labour Units	7.0	7.0	7.0
Total SU's/Lbr Unit	4,372	4,368	4,397
Scanning % MA Ewes*	157%	158%	164%
Scanning % 2th Ewes*	128%	123%	153%
Lambing %	115%	96%	123%
Calving % ¹	89%	89%	87%
Sheep D&M %	7.7%	7.1%	10.2%
Cattle D&M %	4.0%	3.5%	3.3%
Wool kg/SSU	4.09	4.45	3.61
Wool \$/Kg Greasy	\$2.24	\$3.86	\$5.31
Number of Lambs Sold	13,661	10,997	16,096
Lambs Sold \$/Head	\$73	\$114	\$104
FINANCIAL SUMMARY			
GFR/ha	\$619	\$860	\$1,014
FWE/ha (Adj)	\$418	\$466	\$515
FWE as a % of GFR	68%	54%	51%
EFS/ha	\$147	\$340	\$443
Debt Servicing % GFR	5%	1%	0%
Farm Profit Before Tax	\$347,215	\$949,842	\$1,191,722
Farm Profit Before Tax/ha	\$112	\$306	\$384
Return on Capital	1.5%	3.3%	4.3%

N/A = Not Available

GFR = Gross Farm Revenue

FWE = Farm Working Expenses Adjusted for Fert & R&M

EFS = Economic Farm Surplus

EFS = GFR minus FWE minus wages of management (Excludes Rent & Interest)

* Excluding Triplets

¹ Calculation of Calving %; the number of calves marked as a percentage of in calf cows on hand 1st July.

2011-12 BENCHMARKING PERFORMANCE – BEEF+LAMB NZ FARM SURVEY DATA

BASED ON 2011-12 SURVEY (PROVISIONAL), CLASS 4 NORTHLAND-WAIKATO-BOP QUINTILE ANALYSIS RANKED BY EBITR PER HECTARE				
	Unit	Mean	Te Hape B Station	Variance %
Effective Area	ha	349	3,100	788%
Stocking Rate	SU/ha	9.1	9.9	8%
Lambing	%	126	123	-
Sales All Lambs	\$/head	111	104	-6%
Gross Farm Revenue	\$/ha	955	1,014	6%
Total Expenditure	\$/ha	717	630	-12%
EBITR	\$/ha	361	393	9%

2011-12 B+LNZ Farm Survey Data is provisional and farm comparisons should be regarded as only approximate

See also the footnotes below the 2010-11 Benchmarking Performance table on the next page.



Te Hape B Trust – Te Hape Station

2010-11 BENCHMARKING PERFORMANCE – BEEF+LAMB NZ FARM SURVEY DATA

BASED ON 2010-11 SURVEY, CLASS 4 NORTHLAND-WAIKATO-BOP QUINTILE ANALYSIS RANKED BY EBITR PER HECTARE						
Class 4 2010-11	Unit	Top 20%	Mean	Te Hape B Station	Variance % Mean	Top 20%
Effective Area	ha	491	349	3,100	788%	531%
Total Labour Units	No.	1.89	1.58	7		
Open Total	SU	4,737	3,187	30,576		
Stocking Rate	SU/ha	9.7	9.1	9.9	8%	2%
Sheep:Cattle SU Ratio	%	43.4	46.5	63		
Lambing	%	123.0	114.9	96		
Calving ¹	%	75.2	81.1	80.2		
Sheep Loss	%	6.5	5.8	7.1		
Cattle Loss	%	2.0	2.2	3.5		
Wool Shorn	kg/SSU	6.10	5.58	4.45		
Wool net before freight	\$/kg	3.42	3.48	3.86		
Sales All Lambs	No.	2,156	1,040	10,997		
Sales All Lambs	\$/head	100.20	99.26	114	15%	14%
Gross Farm Revenue	\$/ha	1,099.12	845.00	860	2%	-22%
Gross Farm Revenue	\$/SU	113.82	92.55	87.0		
Wool Revenue	\$/SSU	22.17	20.25	17.20		
Sheep Revenue	\$/SSU	106.43	79.59	80.89		
Sheep+Wool Revenue	\$/SSU	128.60	99.85	98.09	-2%	-24%
Cattle Revenue	\$/CSU	85.20	70.29	67.67	-4%	-21%
Dairy Grz Revenue	\$/DzSU	109.56	100.98	0.00		
Deer+Velvet Revenue	\$/DSU		100.57	0.00		
Total Expenditure	\$/ha	791.12	662.99	553.55	-17%	-30%
Total Expenditure	\$/SU	81.92	72.61	56.12		
Wages	\$/SU	5.99	4.86	8.83	82%	47%
Animal Health	\$/SU	4.27	4.41	3.94		
Shearing	\$/SU	3.90	3.33	4.58		
Fertiliser	\$/SU	12.37	11.99	11.61	-3%	-6%
R & M	\$/SU	4.95	5.95	2.92	-51%	-41%
Administration	\$/SU	2.35	2.95	3.91		
Insurance & ACC	\$/SU	1.81	2.15	0.85		
Rates	\$/SU	3.42	3.09	2.72		
Interest	\$/SU	18.49	11.34	1.08		
EBITR	\$/ha	544.08	311.59	324.45	4%	-40%
EBITR	\$/SU	56.34	34.13	32.89		

Note: 'Total Expenditure' Includes Managerial Salaries Interest & Rent

EBITR = Earnings Before Interest Tax & Rent

¹ B+LNZ Calculation of Calving %; the number of calves marked as a percentage of cows mated (Includes dry cows and is adjusted for the sale or purchase of in-calf cows)

Class 4 = Easier hill country, carrying between eight and thirteen SU per ha, a high proportion of sale stock sold is in forward store or prime condition.



»» Te Hape B Trust – Te Hape Station

FARM FINANCIAL AND BENCHMARKING PERFORMANCE

GOALS

- The 2010 targets set were to achieve a cash farm surplus of no less than \$550,000 or \$175/ha on average; with the rapid improvement in farm performance and product prices these have been achieved
- Keep farm working expenses (FWE) to below 70% of gross farm revenue (GFR) (net of replacement stock purchases) by 2013 – 2015
- Capital investment in the farm is driven by return on investment which has seen the majority of investment over the past ten years being on enhancing soil fertility and pasture species followed by fencing and water.

KPIs

- Improving pasture production, feed conversion efficiency and overall productivity are key drivers that are in the sphere of control for Te Hape Station
- Maximising GFR ha being achieved through the above and only subject to the variations in market prices
- The marketing of stock is based around obtaining maximum return \$/kg of product
- Controlling FWE is driven by the goal of maintaining this below 70% of GFR; both conscious cost control and improving gross income has seen this drop from 68% to 51% in three years.

With no debt now being carried by Te Hape Trust, the farm has a very strong platform for growth and opportunities both inside and outside the farm gate.

By comparison the farm is performing in line with an average operation shown by B+LNZ Farm Survey results in 2010/11. The lift in farm performance has seen the farm move further above the provisional benchmark averages in 2011/12 which is a reflection of the improvement in performance of Te Hape Station. It is expected that this trend will continue in 2012/13.

Achieving GFR of over \$1,000/ha in 2011/12 was a significant milestone for the farm. With strong levels of GFR now being achieved consistently the focus for expenditure will remain on controlling general costs. Also in ensuring that surpluses being generated are reinvested to ensure maximum growth and sustainability of the enterprise.

STRATEGIES

A key focus is on implementing approaches that further improve farm productivity.

We will continue to utilise high return marketing strategies such as our membership of the Awhina Group.

We are entering into a partial trading cattle policy to manage risk and diversify income streams.

We undertake cost conscious budget management and benchmarking against relevant industry benchmarks and also internally against Tiroa E Trust farms.



»» Te Hape B Trust – Te Hape Station

FARM PRODUCTION TARGETS AND MANAGEMENT PRACTICES

SHEEP AND WOOL PRODUCTION

Te Hape Station runs a composite based sheep flock to improve hybrid vigour and in recent years has moved back to a Perendale ram to improve constitution, lamb survival rates and overall production.

Lambs are finished at a target weight of 18kg cwt. The aim is to maintain weight at this level but with constant improvements in weaning weights and liveweight gains the goal is to ensure constant improvement in average sale date.

Target policy will see sheep numbers drop to accommodate higher cattle numbers to maintain a sheep to cattle ratio of 55:45. We have set a target for annual deaths at <7.5%.

CATTLE PRODUCTION

Te Hape Station runs a breeding and beef finishing herd with no additional trading animals purchased. The progeny from the Angus based herd will be retained and traded to produce annually an equal split of steers, bulls and heifers. This diversified enterprise policy ensures Te Hape Station is able to manage variances in product prices and timing of sales.

Steers are sold at 28 months at >320kg cwt with the goal to have these all sold by 31 March.

Trade heifers are sold at 24 – 27 months at 230kg cwt. Bulls are sold by 27 months at 350kg cwt.

Overall cattle numbers will be lifted to accommodate a 55:45 sheep to cattle as above. These additional numbers will be trade cattle to further improve the flexibility of the cattle policy. We have set a target for annual deaths at <3.0%.

FLOCK AND HERD FERTILITY

Ewes are currently scanning 165% with an STS (Survival to Sale) of 122%. The target is to consistently achieve 125% lambing.

Cattle policy is targeting a constant level of 90% calving from both MA cows and R2 heifers.

High pregnancy rates will ensure heavy culling can continue to further improve flocks and herd quality.

ANIMAL HEALTH

An animal health management plan is prepared on an annual basis and the total cost of this monitored against plan through the year.

Active monitoring of worm counts is undertaken through the season to ensure proactive management of any worm burdens. The introduction of the summer cropping programme and alternative species has enabled drenching to be minimised on lambs without effecting performance.

PASTURE MANAGEMENT, CROPS, SUPPLEMENTS, WEED CONTROL

We implement a consistent cropping programme to improve pasture production and seasonality which includes 65ha winter crop and 35ha summer crop. All areas go through a triple spray programme to eradicate browntop pastures. Seven year pasture production average of 8,024kg DM/ha with the goal to lift this to 9,000kg through optimised soil fertility and new species.

Pasture losses are at 15 – 20% (five year average) compared to Farmax average of 23%.

We place a heavy focus on pre winter covers – 31 May @ >1,900kg DM/ha to ensure that there is sufficient buffer in the system for winter.

SOIL MANAGEMENT AND FERTILISER

Annual fertiliser plans are prepared by our fertiliser advisor with soil testing conducted every two years over sample transects and annually on cropping areas.

The goal of the fertiliser programme is to ensure a constant improvement in the soil fertility status to further enhance pasture production on farm. The target is to have no soil nutrient limiting pasture production. To achieve the above fertiliser applications are differentiated across the farm to annually lift areas of highest return. Focus is on using nutrients of highest return which in the short term has been phosphate, sulphur and calcium.



»» Te Hape B Trust – Te Hape Station

FARM STAFF

We have had a number of very good and loyal staff involved with the Trust that has seen 30 years of service for three farm managers and office personnel serving 20 years of continuous service.

The Trust is proud to note that a number of its staff members are shareholders. They are moving through to positions of responsibility in the organisation.

Farm staff work ethics are excellent. They will take time out in the heat of the day and work in the late afternoon to move stock to avoid stressing the stock. This is done without instruction from the manager.

Staff members have hosted overseas visitors who come specifically to view a large scale lamb and beef operation. Our staff members' farming abilities have been noted by visitors, who in turn have invited them to their countries.

Staff members are invited to provide feedback on their own performance during their six monthly staff interviews. Their manager is required to provide realistic and positive feedback to the staff member at that time. Managers are also encouraged to provide regular positive reinforcement to their staff to ensure that they feel valued as part of our organisation.

Turnover of staff has been minimal.

All staff operate under an up to date Individual Employment Agreement (IEA). This was updated in 2011 to include all recent amendments to the Holidays Act. Included with these IEAs is a detailed job description outlining the role and responsibilities.

The farm manager undergoes an annual performance review with the chairman and farm advisor and the farm manager is responsible for reviewing the performance of all staff under his management. Part of the responsibility of the farm manager is to report at Farm Committee meetings on the performance of staff and any issues are dealt with in a timely manner.

AgITO (Primary ITO) has been actively engaged to provide a tailored training schedule for the farm and its staff. All staff are encouraged to attend these courses, albeit they are voluntary. These courses are fully paid for by the Trust.

As the trustees do not hold relevant qualifications in the agricultural sector it is imperative that our advisor is at our monthly and Farm Operations meetings. Whoever the Trust engages the terms of reference and outcomes are clearly articulated prior to engagement.



»» Te Hape B Trust – Te Hape Station

ENVIRONMENTAL / SUSTAINABILITY GOALS AND PRACTICES

GOALS

- Our goal is that through sustainable management and responsible utilisation of the land, our taonga will be preserved for future generations
- The Trust is committed to protecting the environment and creating a sustainable future for its people
- The Trust will continue to work with the regional council (Horizons) to ensure full and complete implementation of the One Plan.

KPIs

- A specified number of kms of stream fencing being achieved
- An annual commitment to replanting stream margins
- Maintaining high quality water leaving the farm
- Keeping soil erosion and nutrient losses to a minimum.

STRATEGIES

We will continue to undertake a full environmental audit as part of the Horizons One Plan. Highly efficient stock policies will ensure nitrogen leaching remains low. Full nutrient budgets are prepared annually with the fertiliser representative.

Setting and adhering to the annual budget for stream retirement and planting is a key strategy. We have initiated an annual stream fencing and planting programme focusing on high risk streams. Twenty ha of riparian margins are to be fenced and re-planted in 2013. We will maintain planting desired species that will enable a bird corridor through the farm.

With the growing interest in manuka honey, it is anticipated that manuka may be planted in the near future; funding is to be sought to complete the planting.

We will maintain a commitment to the ongoing protection of the Ngā Whenua Rāhui areas.



»» Te Hape B Trust – Te Hape Station

ENTREPRENEURSHIP AND INNOVATION

Te Hape Station had the largest fully certified organic farm in New Zealand of over 330ha; however this was discontinued as markets were not stable. The Trust was a 50% shareholder in Outlands Beef Export that at one time was exporting \$4.5m worth of beef into the USA marketplace – an early example of vertically integrated agribusiness.

The Trust holds a 30 year concession with the Department of Conservation to build a walkway 20 metres above native trees for tourism.

The Trust is a member of the Awhina Group which is currently looking at a production and marketing red meat strategy.

The Trust has participated in trade missions into Malaysia, Penang, Kuching, Brunei, and Taiwan. We are exploring the possibility of exporting direct to contacts made in the marketplace. The Trust is in the process of signing an agreement with the Council of Indigenous Peoples of Taiwan (similar status to that of Te Puni Kōkiri). They want to set up a marketing and distribution outlet for our lamb and beef. We have hosted a number of parties from China, Malaysia, and Taiwan. This has included the Minister of Islamic Affairs from Penang who is keen to assist with halal processing under the required protocols into Malaysia plus assistance with distribution networks through their owned outlets.

FARM INFRASTRUCTURE

The farm is split into two management blocks, Te Hape and Waitara.

Each end of the farm has its own woolshed and sheep and cattle handling facilities which are supported by additional satellite yards. The main cattle handling facilities on Te Hape block are being upgraded in line with the capital improvement programme in 2013 which will also improve the efficiency and safety of this facility.

The property is subdivided into 296 permanent paddocks, giving an average paddock size of 10.5ha which is an excellent level of subdivision for a property of this size. The focus moving forward is on replacement and upgrade of the existing network rather than further subdivision. The property has three domestic water supplies which are pumped to seven houses, each with its own reservoir apart from one dwelling which has two tanks; in total there are nine tanks, reticulating to 155 troughs, the remainder relying on natural water sources.

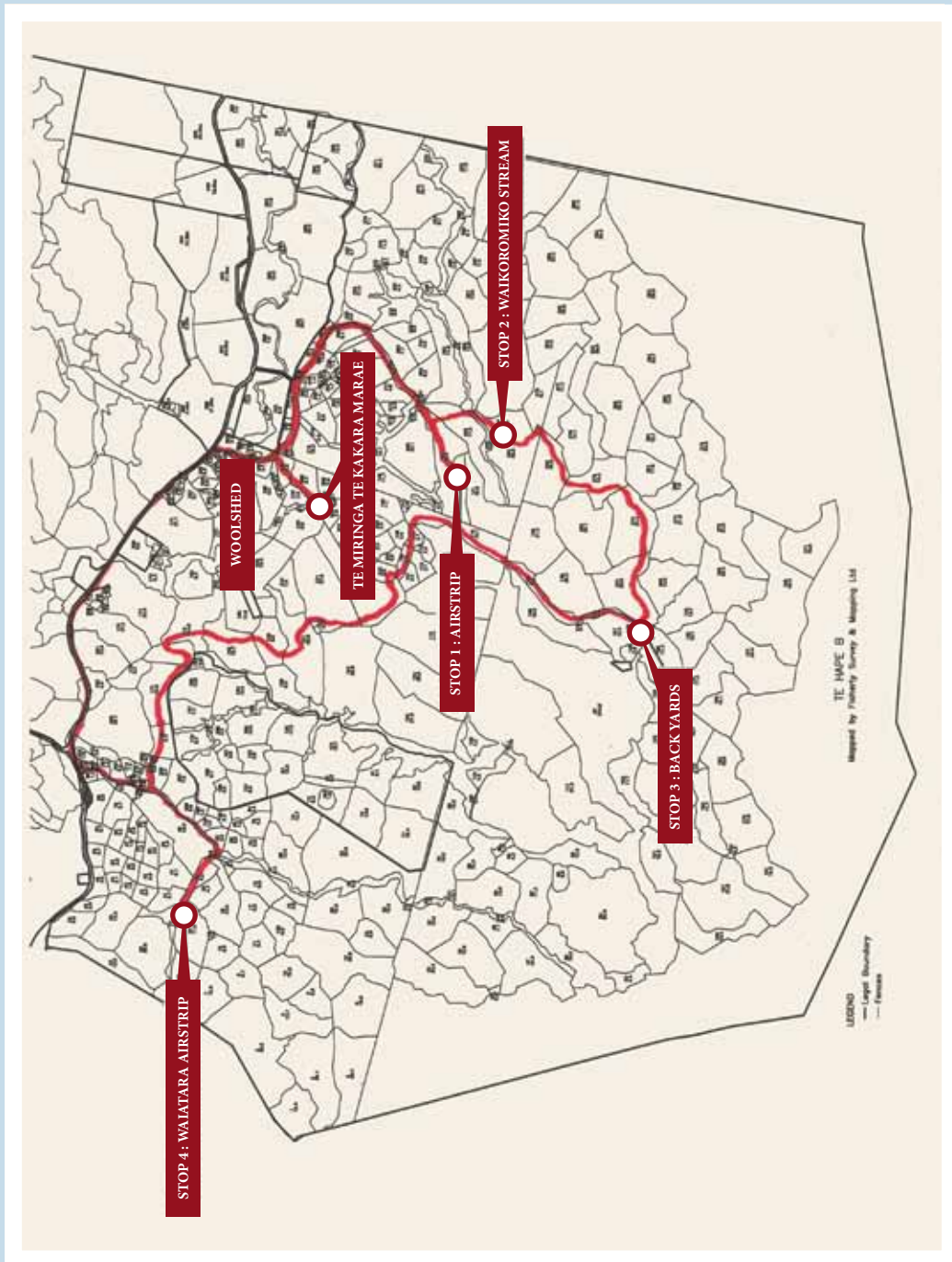
A longer term project is to continue the programme of fencing off water courses and extending the troughed reticulated stock water supply. Farm access is not limiting due to excellent internal tracking networks.

The next three years will see a heavy focus on improvement of the core farm infrastructure now that capital investment in pasture based development has been scaled back.



»» Te Hape B Trust – Te Hape Station

FARM MAP



»» ABOUT THE JUDGES

The Ahuwhenua Trophy competition judging team is known throughout the agricultural sector for the high standards they demand of all entrants. They play a vital role in selecting finalists and providing entrants with detailed and high-quality feedback. These industry experts give freely of their skills, knowledge and time to ensure all competitors get the most out of the Ahuwhenua Trophy experience.

There are two judging panels. The First Round Judges are a four-member panel which visits all entrants' properties to choose the three finalists. The four-member panel of Finalist Judges then has the challenging task of picking the winner of the Ahuwhenua Trophy.

The Ahuwhenua Trophy Management Committee and competition organisers greatly appreciate the support of those sponsors who have made these top-class agribusiness experts available.

FINALIST JUDGES

Dana Blackburn – Chief Judge

Dana Blackburn – Chief Judge (Ngāti Rangī, Atihaunui a Pāpārangi, Ngāti Tūwharetoa) farms an 800 hectare semi intensive sheep and beef unit at Karioi, Ohakune, a property initially developed on family and ancestral land. He is the immediate past chairman of the Atihau Whanganui Incorporation (AWI) which won the Ahuwhenua Trophy in 2007. Under his chairmanship the AWI group increased its net farm income by more than \$2M in the last financial year. This is Dana's second stint as Chief Judge of the Ahuwhenua Trophy sheep and beef competition.

Rob Davison

Rob Davison has been head of the Beef + Lamb New Zealand Economic Service since 1989. His early working life was spent working on farms but he has spent most of the last 40 years working in the fields of agricultural economics and policy, and farm sector output forecasting. Beef + Lamb New Zealand Economic Service's Farm Survey of sheep and beef farms regularly gathers data on livestock, production, revenue, expenditure and the financial structure of farms.

Dr Gavin Sheath

Dr Gavin Sheath is an agricultural systems consultant with extensive international and domestic experience as a scientist and businessman. Dr Sheath has spent over 40 years with AgResearch in various senior management roles. Most recently he has provided strategic planning services to Māori agribusinesses, Deer Industry NZ, and DairyNZ. He has participated in technical reviews for the Ministry for Primary Industries and the Waikato River Authority and has worked in both the private and public sectors, in Japan, Mongolia and South America.

Sam Johnson

Sam Johnson joined BNZ as an Agribusiness Manager and Sales Manager in 1993. As one of BNZ's Managing Partners, Sam leads the Northland team of agribusiness, commercial and private banking partners. Along with his wife he manages 30 heifers on their 10 hectare block at Kamo, outside of Whangarei.



FIRST ROUND JUDGES

Chad Hoggard – Lead Judge

Chad Hoggard has worked with BNZ as an Agribusiness Partner for nearly 8 years, firstly in Tauranga and then in Rotorua. He has been BNZ's Senior Partner for Rotorua and Whakatane for 18 months, managing an 18 strong team of bankers and support staff. Chad, who has a farming background, has a Bachelor of Applied Science majoring in Valuation and Farm Management from Massey University and has worked as a fertiliser consultant. He is currently a shareholder and director of a Manawatu based farming company.

Peter MacGregor

Peter MacGregor (Ngāti Kahungunu; Atihaunui a Pāpārangi; Ngāti Raukawa; Maniapoto, Rangitane, Ngāti Apa and Ngāti Paoa) is AgITO (Primary ITO)'s Strategic Relationships Manager. He has been energetically promoting the benefits of the reinvigorated competition at Field Days and to farm workers and employers since AgITO (Primary ITO) became a bronze sponsor in 2005. Peter has previously held a variety of positions in the Housing, Education and Training and Land Development divisions of the former Department of Māori Affairs and several other positions with Te Puni Kōkiri.

Gary Walton

As Beef + Lamb New Zealand's Uptake Manager, Gary Walton has spent the last two years developing and delivering extension programmes such as the Demonstration Farm Project, Farming for Profit and the Profit Partnership. He has been heavily involved with building tools and service for farmers such as the lambing calculator and on farm workshops like Feedsmart and Farming the Wild Weather. Gary has worked with Beef + Lamb New Zealand and its predecessors, in a variety of roles, mainly in the Northern South Island Regional Manager of the Beef + Lamb New Zealand Economic Service. Based in Christchurch, Gary has a strong background in farm management and analysis, and has been a registered farm management consultant for over 20 years.

Peter Ettema

Peter Ettema has worked for the Ministry for Primary Industries (MPI) and its predecessors since 2005. His current role is acting manager for a five person team within the Sector Policy Directorate at MPI. Peter has a Bachelor of Agricultural Science and a Masters of Environmental Management. He has worked in the agricultural sector both in New Zealand and overseas as well as maintaining strong rural links through previous roles at the Department of Conservation and as the Wellington representative for the QEII National Trust.

Abe Seymour – Competition Kaumātua

Abe Seymour affiliates to Ngāti Tūwharetoa, Ngāti Raukawa, Ngāti Kahungunu and Atihaunui a Pāpārangi and is currently a Strategic Contractor providing advice to a number of organisations including AgITO (Primary ITO). He is a shareholder in a number of trusts in and around the Central North Island and from time to time provides advice in those areas. He has also sat on a number of boards and directorships for Māori and is heavily involved and a strong advocate in training programmes for young Māori who are likely to be tomorrow's leaders. He is also involved in tertiary programmes, programme design and delivery with the Waiariki Polytechnic among others.



»»» ABOUT THE COMPETITION

AIMS

- To recognise excellence in Māori farming
- To encourage participation and ensure its sustainability
- To use the award to showcase achievements in the Māori farming sector, in particular successful farming approaches to governance, financing, management and the recognition of ngā tikanga Māori
- To utilise the award to highlight excellence in the Māori farming sector to all New Zealanders
- To acknowledge the contribution the Māori farming sector currently makes to the New Zealand economy and highlight areas for future growth.

BENEFITS TO THE ENTRANTS

By entering the Awards competition, participants will gain:

- Recognition for excellence in the sheep and beef farming and the wider New Zealand farming industry
- Judges' expert advice and guidance to improve their farming operations
- Access to a network of progressive and like-minded individuals and organisations involved in sheep and beef farming
- Exposure to practices and approaches of other Māori sheep and beef farmers
- Significant enhancement to the productivity and profitability of their farming operations
- Recognition of the major role Māori farmers have in the New Zealand economy.

AWARDS

The winner will receive a replica of the Ahuwhenua Trophy, a medal and prizes to a value of not less than \$40,000. The three finalists will receive a medal and prizes to a value of not less than \$15,000.

JUDGING

Judging will be based on:

- The efficiency with which the property is farmed relative to its potential
- Financial results
- The effectiveness of the governance of the farming enterprise.

But will also take account of:

- Triple Bottom Line Reporting
- Cost of Production Analysis.

IN CONSIDERING THIS THE JUDGES WILL UTILISE AS A GUIDELINE THE FOLLOWING WEIGHTING:

CRITERIA	MAX. POINTS AWARDED	FACTORS TAKEN INTO ACCOUNT INCLUDE THE FOLLOWING (WHERE POSSIBLE JUDGES WILL COMPARE WITH INDUSTRY BENCHMARKS AND BEST PRACTICE)
Governance and Strategy	17	• Strong leadership • Good strategy including KPIs • Monitoring of strategy • Implementation of strategy.
Social/Community/ Ngā Tikanga Māori	10	• Contribution to, and participation in, communities of interest to the organisation – support for local hapū, marae, and wider local community affairs (such as rural community or farm associations) • Governance and management team's ability to incorporate tikanga Māori into all aspects of the business • Identification and protection of cultural sites • Presentation of the organisation as an exemplar of Māori excellence in the business of farming – for finalists in particular.
MANAGEMENT AND PERFORMANCE		
Financial and Benchmarking	20	• Economic Farm Surplus (EFS) • GFR/ha • FWE as a % of GFR • Consistency over time • Wealth creation – leveraging asset base, internal capital investment/development ROC • Understanding the Financials – budgeting, variance reports, KPIs.
Productivity	10	• Best available productivity measures appropriate across a range of farm classes will be compared with industry databases such as Beef + Lamb New Zealand Economic Service Survey farms in the same farm class/district.
Farm Production Targets and Management Practices	10	• Stock health and welfare • Genetic improvement • Reproductive and growth performance • Feed supplies – quantity and quality relative to farm resources • Feed utilisation • Purchasing and marketing skills.
Farm Staff	10	• Employment agreements and job specifications • Performance review approach • Training support • Other.
Environment/ Sustainability Goals and Strategies	15	• Land Environment Plans in place and being actioned including: - nutrient management - measures to minimise nutrient leaching and soil erosion and damage including planting of trees etc - riparian management and water source protection • Understanding of carbon reduction including sequestration (sinks) and incorporation into management • Other.
Entrepreneurship and Innovation	8	• Demonstrate innovative thinking and application of new technology and management approaches.
TOTAL	100	



BNZ MĀORI EXCELLENCE IN FARMING AWARD 2013 SHEEP AND BEEF

»» PLATINUM SPONSOR



As the platinum sponsor BNZ is proud to support the Māori Excellence in Farming Award. With a team of 180 dedicated Agribusiness Partners and support staff around the country, we remain committed to continuing our extensive role in the New Zealand agribusiness sector.



AHUWHENUA TROPHY

»» GOLD SPONSORS



Te Puni Kōkiri
REALISING MĀORI POTENTIAL

Te Puni Kōkiri celebrates Māori potential, success and excellence. It proudly supports the pre-eminent accolade within Māori farming – the Ahuwhenua Trophy. The competition sets the benchmark for exceptional performance amongst Māori farmers committed to tapping the full potential of their holdings in a significant sector of New Zealand's economy. Māori success is our success.



Congratulations to the 2013 Ahuwhenua Trophy finalists. Beef + Lamb New Zealand is proud to support this prestigious award that celebrates excellence and innovation in Māori farming. These are values we promote through our work on behalf of all New Zealand sheep and beef farmers, and we welcome this opportunity to highlight the successful Māori-owned agribusinesses that help raise the bar across our industry.



The Māori Trustee is an independent, professional trustee organisation which protects and grows the assets of Māori landowners. We are proud to support the Ahuwhenua Trophy – Māori Excellence in Farming award in recognising Māori farmers who have achieved high aspirations for their land and who are creating a legacy of lasting benefit for the generations of the future.

Ministry for Primary Industries
Manatū Ahu Matua



The Ministry for Primary Industries is a proud supporter of the Ahuwhenua Trophy, showcasing Māori excellence in farming. We work to maximise export opportunities for the primary industries, improve sector productivity, increase sustainable resource use and protect New Zealand from biological risk. We are also committed to enabling Māori agribusiness, which has a significant part to play in lifting the primary sector's contribution to the New Zealand economy. MPI congratulates all entrants for their outstanding achievements in farming.

»» SILVER SPONSORS



»» BRONZE SPONSORS



»» SPONSORSHIP SUPPORT HAS ALSO BEEN PROVIDED BY LANDCORP, FEDERATION OF MĀORI AUTHORITIES, AGRECOVERY, DB BREWERIES AND TOHU WINES.

We acknowledge our partnership with the Ministry of Business, Innovation and Employment (MBIE)