BNZ

MĀORI EXCELLENCE IN FARMING AWARD 2016

DAIRY

AHUWHENUA TROPHY

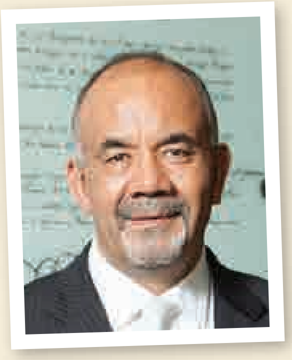
FIELD DAY HANDBOOK

www.ahuwhenuatrophy.maori.nz

The Ahuwhenua Trophy

Contents

From the Minister for Māori Development



Whānau, Whare, Whenua and Whakapapa

We know that Whānau Māori who are connected to their language and culture, and feel empowered to make their own decisions, are the more resilient amongst us.

In my first budget as Minister for Māori Development, and for Whānau Ora I was proud to announce $100 million in funding for my priorities last year: Whānau, Whare, Whenua, and Whakapapa.

Whānau represents healthy, educated, culturally engaged, and independent Māori.

Whare describes safe homes and strong communities.

Whenua covers the protection and use of whenua Māori which is essential to generating Māori success more widely.

Whakapapa is our road-map guiding us into the future, as well as reminding us where we have been.

Through our whakapapa relationships, and as tangata whenua, our association with our living environment is intimate and direct. Te Ture Whenua Māori reforms aim to ensure that there are appropriate safeguards for the retention of Māori land as taonga tuku iho.

Together reforms, along with the Māori Land Service which supports Māori land owners to access information and advice about whenua Māori, and Whenua Māori Fund will make it easier for Māori land owners to make decisions about how to use their whenua.

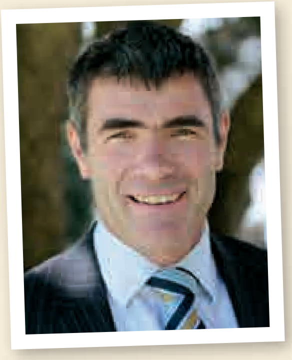
A special mihi to the three finalists for the 2016 Ahuwhenua Trophy Māori Excellence in Farming Award for Dairy Businesses: Ngāi Tahu Farming Limited, Tewi Trust, and the Proprietors of Rakaia Incorporation.

I also acknowledge the Ahuwhenua Trophy competition trustees, the Primary Industries Minister, the Chief Executive of Te Puni Kōkiri as well as the Ahuwhenua Trophy Management Committee.

Ngā manaakitanga,

Hon Te Ururoa Flavell
Minita Whanaketanga Māori
Minita Whānau Ora

From the Minister for Primary Industries



Ehara taku toa i te takitahi

Engari, he toa takitini

Competitions like the Ahuwhenua Trophy provide the perfect opportunity to acknowledge and celebrate the significant role Māori play in New Zealand's primary industries.

Māori Agribusiness is one of the economic cornerstones of our primary sector and to New Zealand's economy as a whole. Right across the whole primary sector, Māori are successful players and many of their companies and entities match the performance of New Zealand's best commercial operations.

Supporting Māori Agribusiness is key to unlocking growth in New Zealand's regions - and in turn, New Zealand's economy as a whole through regional economic development.

As the Minister for Primary Industries, I've been fortunate to have opportunities to get outside Wellington to see what's happening on the ground and I'm excited to witness the continued growth and productivity of Māori Agribusiness across New Zealand.

MPI is committed to fostering sustainable growth through our Māori Agribusiness Pathways to Productivity programme which will be crucial for achieving our goal of doubling the value of exports by 2025. The programme aims to partner with Māori to overcome some of the unique challenges faced when developing Māori primary sector assets that are in collective ownership.

The Ahuwhenua Trophy competition helps support Māori leaders who carry the aspiration and visions for the future to realisation. The road of leadership is challenging and I commend all entrants in taking an important step by being part of an historical event dedicated to continuous improvement and showcasing excellence in Māori farming.

I encourage finalists to continue to be leaders in your field and to encourage the next generation to follow in your footsteps. After all, by 2025, our country will need an additional 50,000 skilled workers employed in our primary sector.

This year's competition showcases some fantastic examples of excellence in dairy farming, and I extend my warmest congratulations to each and every one of our finalists this year.

Hon Nathan Guy

Minister for Primary Industries

From the Chairman

Ki ngā kaitiaki o o tātou whenua puta noa i te motu.
Tēnā koutou, tēnā koutou, tēnā tātou katoa.

When Sir Apirana Ngata and Lord Bledisloe established the Ahuwhenua Trophy in 1933 their goal was to encourage Māori to become better farmers and to produce a series of role models that others could look to for inspiration and knowledge.

In difficult times it is important that leaders emerge and show the way for others. There is no denying that the dairy industry is going through some difficult times at present with a combination of international factors well beyond the control of our farmers. We live in challenging times where market volatility and political crisis affect the sale and price that New Zealand earns for its primary exports – especially dairy products. Also some regions have had to contend with El Niño drought conditions this season.

But this is not a time to retreat until the better times return. Such downturns in a cycle provide an opportunity for all farming businesses to take stock of their operations and to honestly analyse what they are doing well and what they could do better. Such work will pay great dividends when times improve.

The Ahuwhenua Trophy is a strong brand and the competition itself offers entrants a unique opportunity to get a quality professional appraisal of their business. That outside opinion can often make a huge difference. Past winners and finalists have all extolled the virtues and benefits of entering the competition. They speak highly of what they have learned from the judging process and the field days.

This year is an excellent opportunity for Māori to show New Zealand how resilient and progressive its farming operations are. It's a chance to show the positive side of Māori and its commitment to the future and to not get pessimistic when there is a downturn in the price and market cycle. The most resilient and viable businesses will be those that have a fundamental commitment to having the best trained and competent people, operating or exceeding best practice standards and have positioned their farm businesses to adapt and embrace climate change, ever increasing environmental and animal welfare standards.

We are intergenerational farmers, with time on our side and a history of managing adversity and coming back stronger and better. Everything we do today must be done to have a positive outcome for future generations.

Overall Māori agribusiness is in very good shape. Never mind the blip in the dairy sector, other elements of the primary sector are doing well – especially kiwifruit. I believe that the Ahuwhenua Trophy has been a major factor in lifting the profile and perception of Māori agribusiness and we are seen as significant contributors to the New Zealand economy. We are no longer an adjunct to the economy we are mainstream and we stand tall.

Our entrants in this years Ahuwhenua Trophy competition have made a big and brave call in that they are prepared to showcase their operations in challenging times and to take the positive approach that Sir Apirana would have wished. What they will show is that in times of adversity they are smart and run their businesses in such a way that they can ride out the tough times and be ready to capitalise on the good times that will eventuate.

I commend all those who have entered the Ahuwhenua Trophy competition and congratulate the finalists and know that your leadership, courage and resilience will be rewarded.

Kingi Smiler
Chairman, Ahuwhenua Trophy Management Committee

History of the Ahuwhenua Trophy

The Ahuwhenua Trophy is the most prestigious award for Māori agriculture. It is now 83 years since the visionary Māori leader Sir Apirana Ngata and the Governor General at the time Lord Bledisloe launched this award. Since the re-launch of the competition thirteen years ago Māori agribusiness is now seen as an integral part of the New Zealand economy.

The Ahuwhenua Trophy competition was introduced to encourage skill and proficiency in Māori farming. Sir Apirana Ngata realised the importance of retaining and improving what remained of Māori land was critical. He led the renaissance of Māori land development which had been decimated during the colonization of New Zealand by forced sales and lack of opportunity and access to development capital.

The inaugural 1933 competition was open to individual dairy farmers in the Waiariki Land district and 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. The Trophy was displayed in the Waiapu Farmers store which two weeks later caught fire and destroyed the cup. 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 inappropriateness of comparing dairy with sheep and beef 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.

The competition continued up until the 1980s but interest started to wane and the last of the original competitions was held in 1990. It was Gina Rudland and Wayne Walden who along with Meat New Zealand chairman John Acland re-launched the awards in 2003. The new criteria for the awards took into account the changing face of Māori farming and the increasing importance of Māori Incorporations and Trusts in the agribusiness sector.

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 for Māori Development, the Minister of 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 (PKW) Incorporation's Farm 12 in Taranaki under the chairmanship of Spencer Carr and Secretary Peter Charleton. Previous Chairmen of PKW Edward Tamati and Charles Bailey were dual winners of the Trophy as individual farmers in 1965 and 1971, 1970 and 1976 respectively.

A new award for young Māori farmers was introduced in 2012. The first winner of the Ahuwhenua Young Māori Farmer Award was Tangaroa Walker. The 2014 dairy award was won by Wiremu Reid.

Today the Ahuwhenua Trophy remains the pre-eminent accolade to win in Māori farming and is recognised as the most prestigious and comprehensively judged award in New Zealand. The entrants, finalists and eventual winners all share and live the enduring values, goals and vision of Sir Apirana Ngata and the competitive spirit of Lord Bledisloe.

A special book, 'Ahuwhenua – Celebrating 80 years of Māori Farming' was launched by the then Minister of Māori Affairs, Hon Dr Pita Sharples three years ago. It was written by the eminent historian Dr Danny Keenan and traces the history of the Award and gives a quite brilliant insight into the development of Māori farming over 80 years. This book shows just how much Māori farming has developed over the years and how the Ahuwhenua Trophy has established a strong platform for the future growth.

Looking Back

The 2014 Dairy Finalists

Te Rua o Te Moko Ltd

Te Rua o Te Moko Ltd

Te Rua o Te Moko Ltd were the winners of the 2014 dairy competition. The 170ha farm is owned by four separate Ahuwhenua trusts and is located near the Taranaki township of Hawera. The enterprise includes a training enterprise run in conjunction with Land Based Training for descendants of owners and other young Māori aspiring to a career in farming

The Chairman of Te Rua o Te Moko Ltd, Dion Maaka says increased engagement of their owners has been the most rewarding aspect since winning the prestigious Ahuwhenua Trophy. Governance has held hui with increased owner attendances and the level of understanding in their business has risen appreciably which is largely a result of the success of the farm.

Te Rua o te Moko Ltd has continued the strategic direction outlined in 2014 and both the board and management team have delivered on the promise of milking its own cow herd and transitioned to a variable order contract arrangement from the start of the 2015/16 season. This achievement marked a further step in our journey to full farm management and control.

Like most dairy farmers in New Zealand, Te Rua o te Moko Ltd has faced significant financial challenges in implementing its strategic plan as a result of the global challenges currently facing the dairy sector however the farm operates a low cost structure which has assisted meeting cash flow requirements albeit lower than desired.

Dion Maaka says "Reconnecting our people back to their whenua has been an important component in our business and this is partly being achieved by our Land Based Training School which trains eight cadets annually with emphasis on training and development to gain employment. The owners are extremely proud of both the training school and this pathway will be nurtured for years to come.

The future of Te Rua o te Moko Ltd has many milestones it needs to reach and the success and learning gained from winning the 2014 Ahuwhenua Trophy has provided the confidence to execute the farms objectives. On behalf of the board and owners of Te Rua o te Moko Ltd we wish all contestants well on their respective journey throughout the competition."

Ngāti Awa Farms Ltd – Ngakauroa Farm

Another finalist in 2014 was Ngāti Awa Farms Ltd – Ngakauroa Farm which is situated near the township of Te Teko in the Bay of Plenty. It is jointly owned by six shareholder trusts who have invested in the land and business to make the 186ha farm economically viable.

Since then the six joint venture trusts have leased additional land to increase the milking platform to 202ha plus a 58ha support block.

In early 2014 when the farm was a finalist, it was producing 240,000 kgMS from the 620 cows on the property. But in the latter part of that year the farm was hit by a quite a dry season and this resulted in milk production for 2013/14 falling to 229,000 kgMS and this fell again by a further 10,000 kgMS in 2014/15. Some of this drop in production was due to the farm dropping cow numbers to 614 in 2013/14 and to 592 the following year.

With the low pay out Ngakauroa Farm have dropped their numbers back even further to 560 so that they can farm through with less input feed.

Despite the challenges of a low pay out and dry conditions, the trust has focused on making sure the bottom line balances and that it continue to make a surplus which they say they are on track to do at the moment. By cutting cow numbers and reverting to a true system three, the farm is ticking over and will still make a profit. As part of the cost cutting measures, the farm will not buy in any maize and will rely on good pasture management and irrigation on parts of the farm to see them through.

In terms of governance, the Trust has taken to heart some of the feedback of the Ahuwhenua Trophy judging process and are evaluating their KPIs to see how these can be better used for decision making and benchmarking with other farms. The Trust says that after the judging process they looked at the Ahuwhenua Trophy judging criteria and have tried

Ngāti Awa Farms Ltd – Ngakauroa Farm

to incorporate some of these into their KPIs. They see this as a way of dealing with the many issues that they face as a dairy enterprise. As well a new Chief Executive has been appointed to run the farm.

Other changes that have taken place include the trust leasing another small block of land and improving the environmental management of the farm. To this the Trust plans to install a solids separation system which will reduce the amount of nitrogen spread on pastures. This will better manage nutrients contained in dairy shed waste. They have whey which they spread on parts of the farm where N leaching is deemed to likely occur and are applying it to new and leased land where the soil fertility is significantly lower.

Ngakauroa Farm is continuing with its soil aeration programme which is designed to improve soil structure and to improve grass growth on the mainly pumice soils on which the farm is situated.

Looking ahead, Ngāti Awa Farms Ltd is in the process of reviewing its ten to fifteen year plan to see what is needed and not needed to make the entity profitable. It is looking at what new infrastructure might be needed and whether some of the lease blocks should be retained. It says the Ahuwhenua Tophy process has helped in the future management of the enterprise.

Himiona Farm – Putauaki Trust

Since Himiona Farm was a finalist in the Ahuwhenua Trophy dairy competition in 2014 there have been a series of significant positive developments. The farm which is located near the Bay of Plenty township of Te Teko, consists of a 177ha milking platform of which 57ha is owned by the trust and the remainder leased from a number of small whānau trusts. This pooling of resources has enabled Himiona Farm to be a viable economic entity.

During 2015 Putauaki Trust completed a major dairy conversion on some of its corpus land near Kawerau. Until recently the 240ha converted to dairy had been utilised for drystock, cropping and leased to other farmers in the area for dairy grazing. But the General Manager of Putauaki Trust, John O'Brien says the breakthrough to convert came when they were successful in drilling a water bore on the block which meant the land could be irrigated. The pumice soils in the area need a constant supply of water and without irrigation the block would dry off quickly in summer. At present about 140ha are being irrigated through a pivot irrigation system. The block is running 550 cows through a 54 bail rotary shed, but the farm has the potential to take 900 cows. This is in addition to the 570 cows being run on Himiona Farm.

John O'Brien says they have put a manager on the new farm and are employing their own staff. He says while the dairy industry is going through tough times, the trust saw this as an opportunity to expand their operations. Cows were less expensive, as were Fonterra shares. By undertaking the conversion now, Putauaki Trust believe they will be in a good position to take advantage of better prices in the future.

When Himiona Farm was a finalist in 2014, a lower order Sharemilker was employed on the farm, but the trust has now employed a Contract Milker.

The Trust has also improved its infrastructure including upgrading the effluent system.

As well as investing in the conversion, Putauaki Trust has invested in upskilling its trustees. All have attended a governance workshop specifically relating to dairying to help them get a better understanding about the dairy industry.

The Trust is also looking at appointing an independent person who has specific hands on knowledge of the dairy industry. The purpose of this appointment is to ensure that the Trust has the ability to ask the right questions of external advisors and to build the knowledge base of the board.

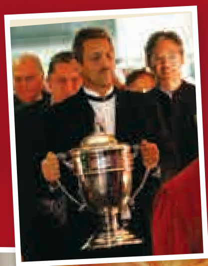
As well Putauaki has put in place a training and development programme for its staff including the contract milker so that they can drive peak performance from its dairy farming assets.

While it's been a tough year for Putauaki and other dairy farmers, John O'Brien says the focus has been on improving productivity and profitability and using Dairybase benchmarking to monitor performance and achieve KPIs.

Himiona Farm – Putauaki Trust

AHUWHENUA TROPHY

The Ahuwhenua Trophy Awards Dinner



2016 Awards Dinner

Friday 20th May
Claudelands Arena, Hamilton
For further details email:
ahuwhenuacompetition@tetumupaeroa.co.nz

2014 finalists, whānau and supporters celebrate the previous Ahuwhenua Trophy BNZ Māori Excellence in Farming Awards Dinner for Dairy in Tauranga


Te Puni Kōkiri
REALISING MĀORI POTENTIAL
Māori Succeeding as Māori
Te Puni Kōkiri supports the Ahuwhenua Competition – recognising its contribution for strengthening economic wealth. Māori famers are embracing our history of innovation and modern day best-practices in areas like governance, environmental sustainability, and skill development. Māori agribusiness has now become a powerhouse of the New Zealand economy.
Te Kāwanatanga o Aotearoa


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.
www.mpi.govt.nz
New Zealand Government
Growing and Protecting New Zealand

Ngāi Tahu Farming Limited

654 Carleton Road, Supply No. 37782, Oxford

Field Day: Tuesday 8th March 2016

Ngāi Tahu Farming Limited

FIELD DAY PROGRAMME

9.30	Pōwhiri at Farm, 654 Carleton Road, RD1, Oxford
10.00	Karakia – Morning Tea
10.20	Introduction to the Field Day Programme and History of the Ahuwhenua Trophy
10.35	History / Governance / Structure / Strategy / Financial
11.15	Farm tour including two stops Discussion on Production / Staff / Environmental Management
1.00	Reconvene for Farm Summary
1.30	Award Ceremony and Presentations
2.00	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.

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.

Ngāi Tahu Farming Limited

What Impressed the Judges

GOVERNANCE AND STRATEGY

- Innovative quadruple bottom line approach to evaluating performance which includes values and culture, social, economic and natural environment.
- Clear vision for the future with support and input at all levels including Manawhenua.
- Strong leadership and wide range of skills and expertise at the governance level.
- Clarity relating to 'farm system' choice – simple grass based systems across all units.
- Well-presented historical information and history.

SOCIAL / COMMUNITY / NGĀ TIKANGA MĀORI

- A clear set of Ngāi Tahu values were communicated and sit at the core of all future plans.
- Whenua Kura programme with Te Tapuae o Rehua and Lincoln University to grow leadership in agriculture.
- There were a number of examples shared that showed the connection between values and practical activities e.g. chainsaw training linked to providing firewood for kaumātua.
- Supporting the local community where the farms were located was a strong focus.
- The 'Lodge' concept was viewed as an excellent plan for the people.
- Direct support to whānau such as kai being provided for marae events and contributions to education.
- Investment into water supply and storage to benefit all surrounding communities.

FINANCIAL AND BENCHMARKING

- Individual reporting on each farm to ensure clarity and internal benchmarking.
- Establishment of an individual accountant for Ngāi Tahu Farms.
- Focus on higher consistent margins through eliminating waste in the farms operating costs.
- A strong understanding of financials and relating that to each individual farm.
- Return on equity above bench marks.

FEED PRODUCTION AND ANIMAL PERFORMANCE

- Driving towards a predominately pasture based system to ensure the farms are flexible in the current dairy environment.
- Application of Ngāi Tahu values to farm management practice, e.g. 'PKE not being used on Ngāi Tahu farms'.
- Precision farming is a key focus overall. The farms are using tools such as Variable Rate Irrigation technology and Aquaflex to improve performance and productivity.
- A clear outline of the genetic selection policy and reasoning behind the focus.

HUMAN RESOURCE

- Te Ahu Pātiki
  - The farm performance is improving rapidly with Rod Lamb's management involvement.
  - Rod is an excellent grazing manager shown by residuals on day of judging during a potentially challenging period of high grass growth.
  - Average breeding worth and production worth are in the upper quartile of New Zealand.
- Maungatere
  - Hemi Dawson is very proud of his whānau, the farm and his team members – this came through strongly. He is highly motivated to continue succeeding.
  - The farm is well managed and with key aspects monitored closely using various tools such as using the whiteboard to record fertiliser and adopting LIC on-lines services for grazing management and herd records.
  - Hemi understands the 'potential' pasture production in the surrounding farming area which enables him to benchmark his grazing management performance.
- Employment and growth of employee's is highly encouraged and driven through development plans and leaders at Ngāi Tahu. Internal focus on employment is a key policy.
- Innovative health and safety pocket book.
- Health and safety was well understood and recognised by all.

ENVIRONMENT AND SUSTAINABILITY

- Creating a matrix of measurements to assess the farms practices on soils, water, animal and plant life.
- Effluent system utilised a two pond system with composite plastic/clay liner to prevent nutrient loss.
- Utilisation of information and tools was of a very high standard such as Meridian Energy, Aquaflex, Overseer, and weather station.
- Utilisation of information to minimise nutrient losses overall.
- First stage of landscaping, shelter and canal wetlands was completed and this is to continue.
- Maungatere to date has planted 21,000 plants which is made up of 15 different native species.

Ngāi Tahu Farming Limited

Tribal Affiliation: Ngāi Tahu
Number of Owners: 54,000

NGĀI TAHU FARMING TRUST LIMITED BOARD

Gill Cox, *Chairman*
Andy Macfarlane, *Director*
Barry Bragg, *Director*
Gail Tipa, *Director*
Richie Smith, *Director*
Rick Braddock, *Director*

MANAGEMENT

Andrew Priest, *Chief Executive – Ngāi Tahu Farming Limited*
Shane Kelly, *General Manager – Dairy*

FARM STAFF

Te Ahu Pātiki
Rod Lamb, *Farm Manager*
Pila Uhatafa, *Production Manager*
Katie Wells, *Senior Dairy Farm Assistant*
Kade Leaf, *Dairy Farm Assistant*
Papataitua Harrington, *Dairy Farm Assistant*

FARM STAFF

Maungatere
Hemi Dawson, *Farm Manager*
Leandro Bonillo, *Production Manager*
Billy Ohlson, *Senior Dairy Farm Assistant*
Ashby Alexander, *Dairy Farm Assistant*
Christian Peterson, *Whenua Kura Cadet*

Farm Description

Te Whenua Hou, where the two farms are located, was originally known as the Eyrewell Forest, consisting of 6,757ha which is currently under conversion from forest to dairy and supporting grazing farms.

Two separate farms comprise Ngāi Tahu's entry in this competition:

Te Ahu Pātiki

Comprising 353.03ha irrigated pasture, 22.22ha dry area, milking 1,120 cows and is on target to produce 490,000 kgMS or 1,389 MS/ha. The farm is run with a Farm Manager, Production Manager, and three Dairy Assistants.

Maungatere

Comprising 284.9ha irrigated pasture, 16.82ha dry area, milking 859 cows and is on target to produce 377,000 kgMS or 1,325 MS/ha. The farm is run with a Farm Manager, Production Manager, and two Dairy Assistants.

The farms have pivot irrigation with variable rate technology as well as 64 bale rotary sheds with Pro-Track automation. All replacements and dry cows are wintered off the milking platform but within Te Whenua Hou.

Soil type is Stoney Lismore, free draining. Soil lacks organic matter and is of lower fertility due to our recent conversion from forestry.

Farms are flat but with an altitude of 80 metres above sea level, being close to the base of the Southern Alps.

Ngāi Tahu Farming Limited

History of the Farm

Ngāi Tahu's dairy farming operation currently consists of seven dairy units – of which Te Ahu Pātiki and Maungatere are located side by side near the Canterbury township of Oxford. The area is known as Te Whenua Hou and was originally a New Zealand Forest Service radiata pine plantation commonly known as Eyrewell Forest.

Ngāi Tahu made the decision to convert forestry to dairying to get the best economic return and to develop wider opportunities for whānau. The first farm came on line in the 2012/13 season. Full development of Te Whenua Hou will see 13 dairy farms and seven dairy support farms across the property. All the land is flat and most of the milking platforms of both farms are irrigated by water from the Waimakariri River.

The milking platform at Te Ahu Pātiki is 355ha and runs 1,251 Kiwi cross high breeding worth cows that last season produced 468,747 kgMS. The slightly smaller farm Maungatere has a 290ha milking platform on which 979 Kiwi cross high breeding worth cows which produced 413,058 kgMS last season. There are also a number of dairy support blocks owned by Ngāi Tahu where stock from these farms are sent in the autumn.

Being new farms, the soil is still quite poor and there is a focus on increasing the organic matter in the ground to build up fertility. Both farms have 64 bail rotary sheds and include a lot of modern technology and automation designed to improve the efficiency and minimise the environmental footprint.

The pivot irrigation systems that have been installed on both farms have a variable rate feature. This is a form of precision agriculture that allows water to be used more efficiently and sustainably. The system can be calibrated to only apply water to areas that need it and to avoid applying it to already wet or sensitive areas.

One of the features of the Ngāi Tahu operation is the strong focus on ensuring a low environmental footprint. An example is of a strategy currently being implemented is to reduce the amount of purchased supplementary feed being used and to focus on better utilisation of pasture. This will help improve profitability, especially during the current downturn in the dairy industry. They say they are not just trying to meet consent conditions but to be ahead of that and show a genuine commitment to kaitiakitanga and iwi values.

Ngāi Tahu is also looking at how best to utilise the bobby calves produced on the farms.

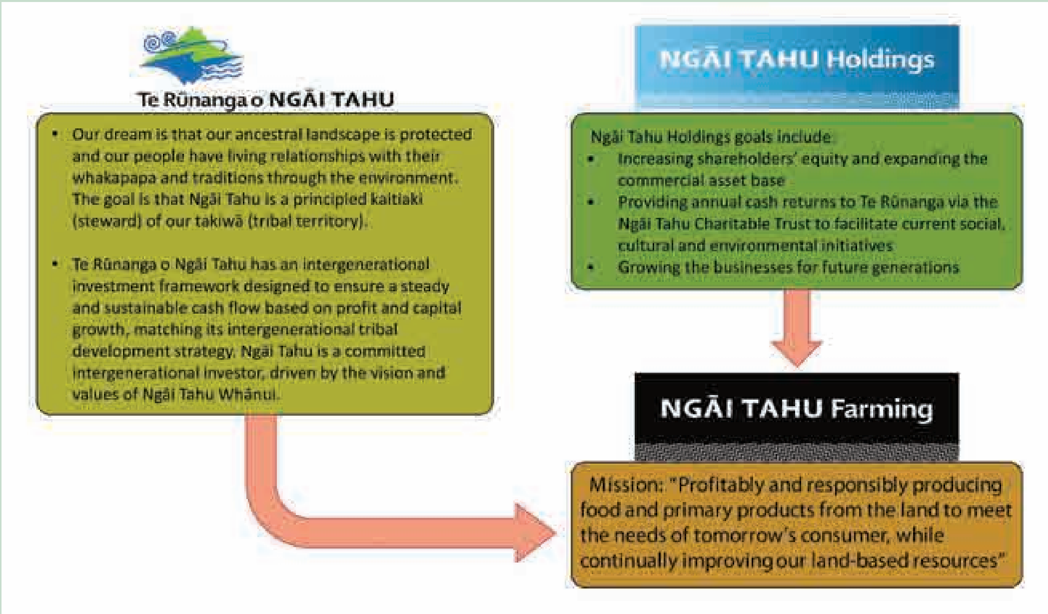
About five staff are employed on each of the two dairy farms, but on its overall dairy farming operation Ngāi Tahu employs about 70 staff. It also helps run a highly successful and popular training programme called Whenua Kura designed to give young Māori from Ngāi Tahu and other iwi the skills to make a career working on their farms and in the wider agri sector.

Ngāi Tahu Farming Limited

VISION

Ngāi Tahu Farming Limited's vision is to "Profitably and responsibly produce food and primary products from the land to meet the needs of tomorrow's consumer, while continually improving our land-based resources".

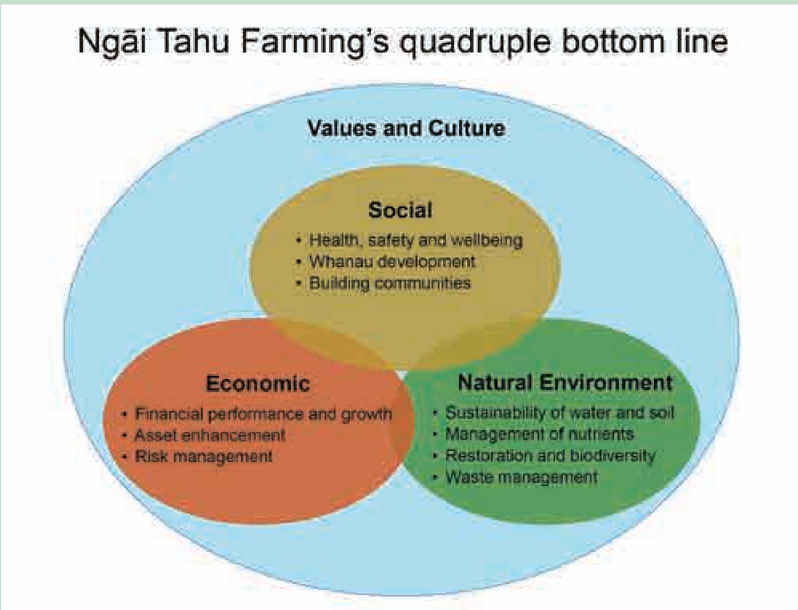
This vision sits under the umbrella of Te Rūnanga o Ngāi Tahu (the tribal council) and Ngāi Tahu Holdings Limited (the commercial arm).



STRATEGIC PLAN

The strategic plan was developed by the Board with assistance from an external consultant. Central to the plan is the quadruple bottom line approach that we have developed that places our value and culture as sitting alongside our social, economic and natural environment areas of focus.

The plan sets goals over three horizons with key goals being:



Ngāi Tahu Farming Limited

- Establish the organisation (2015 – 2017).
  - Establish the Ngāi Tahu Farming business, building the management team, organisational structures and systems need to effectively run the business.
  - Continue development of our land from forest into productive, irrigated farm land, while refining our long term land use plans.
  - Identify and explore value-added opportunities beyond the farm gate.
- Build a strong foundation (2016 – 2020).
  - Establish the right capital structure for the business.
  - Drive top level on-farm performance.
  - Build added-value capability and systems (on-farm and within the management team) and priorities added-value opportunities.
- Drive added-value opportunities (2020 and beyond).
  - Continue to stabilise and improve on-farm performance.
  - Pursue value-added opportunities (and alternative land uses) inside and outside the farm gate.

SWOT analysis

Our biggest strengths arise from our ownership structure and the land and natural resources which we have. Manawhenua are supportive shareholders who want to see the land being used productively. They are intergenerational investors concerned about doing what is right over the long term. We have large tracts of farm land with reliable irrigation water which we can develop into highly productive land.

Our weaknesses arise from the scale of the conversion from forestry which we have undertaken. There is much about converting land at scale that is poorly understood and we work extensively with key partners (such as Lincoln University and AgResearch) in order to help us identify and address challenges we encounter.

Threats are largely similar to other farming businesses in New Zealand. We are reliant on global markets over which we have little influence, are vulnerable to any disease outbreak and are learning how to adjust our farming systems to meet environmental standards. We manage these risks to the extent that we can but, where we can't effectively mitigate them, we accept them as part of the inherent risk of operating a farming business.

Ngāi Tahu Farming adopts the key values of Ngāi Tahu.

These are:

- Whanaungatanga (family).
- Manaakitanga (looking after our people).
- Tohungatanga (expertise).
- Kaitiakitanga (stewardship).
- Tikanga (appropriate action).
- Rangatiratanga (leadership).

GOVERNANCE

Ngāi Tahu Farming is governed by an independent board of directors appointed by Ngāi Tahu Holdings. This board is select based on the capabilities need to effectively govern the business and recognising the strategic aspirations of the business. The Board of six includes people with farming, food industry, entrepreneurial, foreign investment, environmental and general financial and governance skills. Two of our Board are Ngāi Tahu.

Ngāi Tahu Holdings operate a director internship programme to develop future directors and we have an intern attend our board meetings.

Ngāi Tahu Farming Limited

Social / Community / Ngā Tikanga Māori

GOALS

A key goal of Ngāi Tahu Farming is to strengthen the connection of iwi to agriculture so that there is:

- An improved understanding of the challenges and opportunities that exist in the sector.
- Appreciation for the progress that the broader agricultural community is making in addressing challenges.
- A recognition of the career opportunities that are available to young people in the food and agricultural industries.

In addition, we seek to strengthen the connection of Manawhenua with the farms in their takiwā.

STRATEGIES

Ngāi Tahu has 18 regional Papatipu Rūnanga who each have a representative on Te Rūnanga o Ngāi Tahu and are updated on our plans and performance on a regular basis. In addition our Board and CEO actively engage with Rūnanga as required to talk through issues around the farming business and build an understanding between rūnanga and the farming business.

This relationship is even stronger with the Manawhenua associated with each farm. Manawhenua are involved in discussions around how the farms will be used and how amenity and bush reserves on the farms will be planted. We operate a quadruple bottom-line approach to business which considers the cultural, social, environmental and economic impact of our business. Our scorecard for this includes a number of measures specifically related to Manawhenua involvement on-farm and Manawhenua monitoring of our impact on the local environment.

The farms have a role to play in providing kai to iwi. This includes providing food for marae functions and developing the mahinga kai potential of the farms outside of their core farming. Consideration is given to things such as the potential to encourage eels in farm waterways and planting edible plants and shrubs as part of the reserve plantings.

Ngāi Tahu Farming is a partner with Te Tapuae o Rehua and Lincoln University in Whenua Kura. Te Tapuae o Rehua is itself a partnership between Te Rūnanga o Ngāi Tahu and key South Island tertiary education providers to achieve positive and lasting social change for Māori. Whenua Kura seeks to grow leadership in Māori agriculture and runs a training programme delivering a Certificate in Agriculture to students. Training is provided by Lincoln University and the students are based on farm at Te Whenua Hou and completed their practical work on farm.

Ngāi Tahu Farming Limited

Farm Data and Key Performance Indicators

FARM INFORMATION

Ngāi Tahu – Te Ahu Pātiki	2013	2014	2015	BENCHMARK
				BM Canterbury (62 Farms)
Effective Dairy Hectares	355	355	355	242
Support Block Effective Hectares	0	0	0	77
Peak Cows Milked	1,058	1,255	1,251	880
Milksolids (kgMS)	401,150	477,120	468,747	388,080
Staff Numbers (FTE's)	4.4	4.4	4.4	5.1
Supplements Fed (kgDM/cow)	1,197	995	1,403	669
Soil Fertility (OlsenP/pH)	18 / 6.4	22 / 6.2	25 / 6.2	n/a
Nitrogen (kgN/ha)	81	272	318	230
Physical KPIs				
Cows/ha	3.0	3.5	3.5	3.6
kgMS/ha	1,130	1,344	1,320	1,611
kgMS/cow	379	380	375	444
MS as a % of Cow Weight	62%	87%	87%	93%
Cows/person	240	285	284	173
kgMS/person	91,163	108,435	106,533	76,554
Pasture-crop Eaten (kgDM/ha)	12,000	12,300	12,200	14,600
6 Week in Calf Rate (%)	71%	69%	72%	68%
Liquidity (cash)				
Net Cash Income ($/kgMS)	5.58	7.59	7.64	n/a
Farm Working Expenses ($/kgMS)	5.33	3.91	5.08	n/a
Cash Operating Surplus ($/kgMS)	0.24	3.68	2.56	n/a
+/ Interest, Tax, Rent, Non-dairy inc. ($/kgMS)	n/a*	n/a*	n/a*	n/a
Discretionary Cash ($/kgMS)	n/a*	n/a*	n/a*	n/a
Operating Profit ($/ha)				
				BM Owner Operator Canterbury (62 Farms)
Gross Farm Revenue ($/ha)	8,836	10,666	9,368	11,359
Operating Expenses ($/ha)	6,934	6,220	7,753	9,195
Operating Profit ($/ha)	1,902	4,446	1,614	2,164
Operating Profit ($/kgMS)				
Gross Farm Revenue ($/kgMS)	7.82	7.94	7.09	6.30
Operating Expenses ($/kgMS)	6.14	4.63	5.87	5.10
Operating Profit ($/kgMS)	1.68	3.31	1.22	1.20
Operating Margin (%)	21.5%	41.7%	17.2%	19.1%
Balance sheet				
Closing Dairy Assets	22,116,924	22,791,993	23,047,492	n/a
Closing Total Equity	n/a*	n/a*	n/a*	n/a
Closing Liabilities/kgMS	n/a*	n/a*	n/a*	n/a
Debt/assets (%)	n/a*	n/a*	n/a*	63%
Return on Dairy Assets (%) *(excluding capital gain/loss)*	6.1%	7.1%	2.5%	3.6%

**This has not been calculated as debt is not apportioned to individual farm businesses*

Ngāi Tahu Farming Limited

Farm Data and Key Performance Indicators

FARM INFORMATION

Ngāi Tahu – Maungatere	2013	2014	2015	BENCHMARK
				BM Canterbury (62 Farms)
Effective Dairy Hectares	290	290	290	242
Support Block Effective Hectares	0	0	0	77
Peak Cows Milked	732	930	979	880
Milksolids (kgMS)	203,580	387,440	413,058	388,080
Staff Numbers (FTE's)	3.1	3.2	4.4	5.1
Supplements Fed (kgDM/cow)	1,453	990	1,829	669
Soil Fertility (OlsenP/pH)	28 / 6.4	25 / 6.2	23 / 6.1	n/a
Nitrogen (kgN/ha)	322	343	393	230
Physical KPIs				
Cows/ha	2.5	3.2	3.4	3.6
kgMS/ha	702	1,336	1,424	1,611
kgMS/cow	279	416	422	444
MS as a % of Cow Weight	56%	84%	83%	93%
Cows/person	229	292	222	173
kgMS/person	64,028	121,438	93,877	76,554
Pasture-crop Eaten (kgDM/ha)	12,300	12,500	12,400	14,600
6 Week in Calf Rate (%)	71%	69%	70%	68%
Liquidity (cash)				
Net Cash Income ($/kgMS)	5.74	7.25	7.72	n/a
Farm Working Expenses ($/kgMS)	8.21	3.69	5.02	n/a
Cash Operating Surplus ($/kgMS)	-2.47	3.57	2.70	n/a
+/ Interest, Tax, Rent, Non-dairy inc. ($/kgMS)	n/a*	n/a*	n/a*	n/a
Discretionary Cash ($/kgMS)	n/a*	n/a*	n/a*	n/a
Operating Profit ($/ha)				
				BM Owner Operator Canterbury (62 Farms)
Gross Farm Revenue ($/ha)	7,137	8,915	9,745	11,359
Operating Expenses ($/ha)	6,917	5,855	8,476	9,195
Operating Profit ($/ha)	219	3,061	1,269	2,164
Operating Profit ($/kgMS)				
Gross Farm Revenue ($/kgMS)	10.16	6.67	6.84	6.30
Operating Expenses ($/kgMS)	9.85	4.38	5.95	5.10
Operating Profit ($/kgMS)	0.31	2.29	0.89	1.20
Operating Margin (%)	3.1%	34.3%	13%	19.1%
Balance sheet				
Closing Dairy Assets	21,548,193	18,913,207	19,521,971	n/a
Closing Total Equity	n/a*	n/a*	n/a*	n/a
Closing Liabilities/kgMS	n/a*	n/a*	n/a*	n/a
Debt/assets (%)	n/a*	n/a*	n/a*	63%
Return on Dairy Assets (%) *(excluding capital gain/loss)*	0.7%	5.7%	1.9%	3.6%

**This has not been calculated as debt is not apportioned to individual farm businesses*

Ngāi Tahu Farming Limited

Comparison with Other Finalists

3 YEAR AVERAGE FOR EACH FARM

Name	Ngāi Tahu	Tewi Trust	Rakaia Inc
District	Oxford North Canterbury	Okoroire South Waikato	Dorie Ashburton
Sharemilking Description	Owner Operator	Owner with 50:50 Sharemilker	Owner with 50:50 Sharemilker
Effective Dairy Hectares	645	138	217
Support Block Effective Hectares	0	13	0
Peak Cows Milked	2,068	421	817
Total FTEs	8.0	2.5	4.5
Milksolids (MS)	783,698	174,405	355,701
Physical KPIs			
Cows/ha	3.2	3.1	3.8
kgMS/ha	1,215	1,137	1,647
kgMS/cow	379	371	435
Cows/FTE	260	167	181
kgMS/FTE	98,020	62,809	79,045
Pasture Eaten (kgDM/ha)	12,270	11,800	14,600
Liquidity			
Net Cash Income ($/kgMS)	6.90	3.33	3.35
Farm Working Expenses ($/kgMS)	5.15	1.77	1.52
Cash Operating Surplus ($/kgMS)	1.75	1.56	1.83
+/– Interest, Tax, Rent, Non-dairy inc ($/kgMS)	n/a*	0.34	-0.02
Discretionary Cash ($/kgMS)	n/a *	1.22	1.84
Operating Profit			
Gross Farm Revenue ($/ha)	9,162	3,782	5,487
Operating Expenses ($/ha)	7,020	2,227	2,724
Operating Profit ($/ha)	2,142	1,555	2,763
Gross Farm Revenue ($/kgMS)	7.73	3.33	3.34
Operating Expenses ($/kgMS)	6.05	1.97	1.65
Operating Profit ($/kgMS)	1.68	1.36	1.69
Balance sheet			
Closing Dairy Assets	42,646,593	8,397,373	14,034,482
Closing Total Equity	42,646,593	8,397,373	14,034,482
Closing Liabilities/kgMS	n/a *	134,702	-147,635
Closing Total Equity	n/a*	8,264,079	14,096,016
Debt/assets (%)	n/a*	1.5%	0.2%
Return on Dairy Assets (%) *(excluding capital gain/loss)*	4.0%	3.0%	4.6%

**This has not been calculated as debt is not apportioned to individual farm businesses*

Ngāi Tahu Farming Limited

Financial and Benchmarking

GOALS

Financial and strategic goals are agreed between Ngāi Tahu Farming and Ngāi Tahu Holdings on an annual basis via a Statement of Corporate Intent.

Ngāi Tahu Holdings use a fund management model to managing their investments, which sets both a capital allocation target for Ngāi Tahu Farming and a target investment return for commercial investment.

Based on this the business targets a return on capital of 8% – 10%.

Key performance indicators

- Target 430-450 kgMS per cow; milksolids per ha drives profitability and pasture grown and harvested.
- Target 75-78% six week in-calf rate along with 6-11% empty rate.
- On the ground we focus on our cash position.
- Farm working expenses $4.30-$4.50/kgMS.

Investment criteria

A business case template is submitted to support new capex requests. The business case details the strategic/business rationale (including risk analysis), cashflow, discount rate, Net Present Value (NPV) and Internal Rate of Return (IRR) calculations.

STRATEGIES

Key focus areas

- Developing our people and culture to give a sustainable base for the future.
- On farm growing and harvesting more grass, better cow performance. Strategic use of Nitrogen.
- Efficient use of our water resource.

Key strategies

- Whenua Kura programme.
- On-farm student programme.
- Leadership training.
- Monthly information update at team building BBQs.
- Weekly farm walks and live feed budget.
- Sharing and benchmarking of financial data within the dairy group.

Budget approach

Initial assumptions are developed by the GM and Financial Controller along with modelling for the best system for the current payout conditions and benchmarked against comparable farms in the region.

Fine-tuning of the budget is done with the managers.

These are then reviewed within the dairy team on a monthly basis and formal reviews updated quarterly.

Ngāi Tahu Farming Limited

Feed Production

PASTURE MANAGEMENT, CROPS, SUPPLEMENTS

Annual feed budgets are completed and updated with farm walks throughout the season.

Current system is to fully utilise grass grown with approximately 700 kg supplementary feed per cow or 15% of annual diet. Monitoring shows we are currently growing 14 – 15 t DM/ha/yr. The aim is to set the stocking rate to allow a reduction in supplement to 500 kgDM/cow.

We are growing fodder beet on the platform to fill autumn feed deficit and transition cows for wintering.

All cows are grazed off the milking platform for 70 days. This season will see fodder beet utilised plus silage and straw over winter.

SOIL MANAGEMENT AND FERTILITY

Soil type is Stoney Lismore, a free draining soil.

Soil testing is completed annually and a fertiliser plan based on nutrient budget is set. Fertility levels are on the low side as a result of recent conversion from forestry. There is an initial high requirement for nitrogen as some of the nitrogen is utilised to break down carbon (sticks) in the soil. The aim is to reduce N leaching to below 60. The use of aqua-flex and variable rate irrigation ensures efficient use of water along with savings in electricity. Effluent is able to be spread over the entire farm and sensitive areas blocked out.

Animal Performance

HERD FERTILITY

The aim is to achieve a 92% in-calf rate in eleven weeks of mating. The focus is to reduce intervention through metri-checking cows three weeks before planned start of mating. Target is to get 70% in-calf in the first six weeks. Pre-mating heats are recorded and non-cyclers vet checked.

A synchronisation programme for heifers is in place as we develop additional dairy farms. These are mated a week before the main herd.

We are aiming to have our herd in the top 25% for breeding worth (BW).

A future investment will be the use of cameras for heat detection. This will enable us to use AI for the whole period and to use beef semen from week six to give us calves that can be utilised within our beef operation.

DAIRY REPLACEMENTS

We are targeting a Kiwi cross type replacement of around 470 kg. The aim is to target 25% replacements for existing dairy farms with surplus calves reared for the future development programme. Replacements are transferred to the dairy support farms at a minimum of 100 kg until returning as in-calf heifers. These are weighed regularly with weights being recorded into MINDA weights. All animals not meeting a growth rate target are drafted into a recovery mob.

Ngāi Tahu Farming Limited

Human Resource

GOALS

To employ a diverse workforce who bring the right expertise, experience and attitude to their roles. Employees must have a knowledge and respect for Māori cultural values and customs (tikanga) as well as a strong awareness of and affinity for the needs and aspirations of Ngāi Tahu Whānui. Our guarantee is to be a good employer providing equal opportunities, a safe and healthy working environment and the opportunity to succeed.

Recruiting and retaining talent is a top priority and we understand the importance of attracting and retaining top talent because of the belief that "getting the right people on the waka" is likely to lead to better employee performance and long-term business success.

STRATEGY

With our strategic partnerships we are able to identify ways that create pathways for Māori to enter the rural workforce and grow Māori leadership in agriculture with our strong focus on Ngāi Tahu values and kaitiakitanga. Whenua Kura (partnership between Te Tapuae o Rehua, Ngāi Tahu Farming and Lincoln University) offers hands-on training that takes place on our farms, where students learn from experienced Lincoln University educators. Whenua Kura also helps students get a job at the end of their training and go on to higher levels of agricultural study at Lincoln University.

Reviewing performance and recognising the potential of leaders are strategic keys in our organisation's future. The ability to deliver the results outlined in our strategic plan are balanced with an appreciation of a person's potential for further growth and development. Formal performance reviews occur annually coupled with one on one catch ups on a weekly basis. We emphasise the importance of our Managers having meaningful career discussions with their employees that include long-term focused and build capability rather than a short-term focus on their current position and development needs.

Staff performance is measured by our quadruple bottom line scorecard and is not purely financially driven; we also reward leadership and commitment to our values.

As a new business the development of our individuals needs further defining and work. Last year we implemented a successful Leadership Development Programme with a one on one coaching component after each module and continued our support of Primary ITO training. This year we will be introducing Individual Development Plans, Career Discussions, Life Style Inventory, Strengths Finder and Success Profiles.

RURAL PROFESSIONALS

As part of a larger corporate enterprise (Ngāi Tahu Holdings), financial professionals are appointed by the group.

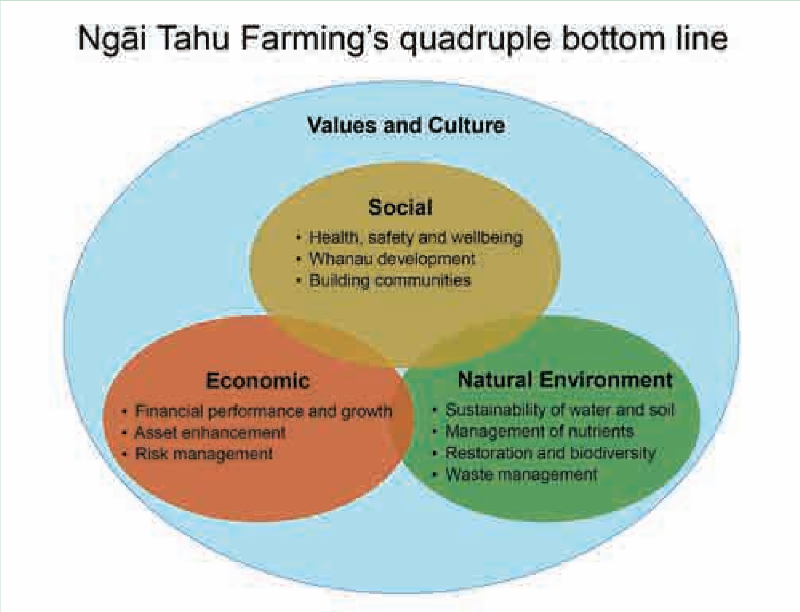
Key advisors and suppliers used on farm are selected for their ability to contribute positively to our overall strategy. In addition to providing a reliable service we look specifically for those who can provide strategic advice to assist us with driving performance and who have the expertise to help with any problems which occur along the way.

Ngāi Tahu Farming Limited

Environmental / Sustainability Goals and Practices

GOALS

As part of our quadruple bottom-line scorecard, Ngāi Tahu Farming has a broad range of goals that we seek to achieve. Ultimately these come down to broad objectives around whether we are growing the ability of the land to support life (both quantity and variety), preserving and enhancing the quality of the catchment and engagement with Manawhenua around their use of the farm and their assessment of our environmental impact.



Key performance indicators

A large number of performance indicators have been identified that we will monitor in order to ensure that we are achieving these goals. These include input measures of resource use efficiency, resource wastage or loss and output measures such as the diversity of life on the farms and trends in water and soil quality. They also include a range of non-financial measures based on engagement with Manawhenua. These goals are mapped across Ngāi Tahu values and key spheres of interest as shown in the matrix below.

Ngāi Tahu Farming Limited

Environmental / Sustainability Goals and Practices

STRATEGIES

Achieving our goals will require us to adopt a continuous improvement approach: measuring our performance, comparing that against our targets, determining corrective actions where we are not meeting targets and then putting those actions into practice. We are at a relatively early stage of this process: we have developed the framework and approach and are in the process of consulting with Te Rūnanga o Ngāi Tahu and Manawhenua to confirm their support. At the same time we are also working to ensure that we have the measurement systems in place to begin monitoring these. Strategic partners such as Lincoln University and AgResearch are a part of this process, helping us with monitoring our performance and guiding us on appropriate corrective actions where necessary.

Specific examples we are currently working through include work with Lincoln to identify Kanuka endemic to the farm location and determining the best way to propagate and establish these as part of our bush reserves. AgResearch have identified low earthworm density on-farm (due to the conversion from dryland forestry) and have proposed a programme of worm farms in order to accelerate growth in our worm populations to normal levels. Standard measures of soil health, e.g. measuring soil organic matter, are proving inadequate due to the large amount of wood debris which remains from the forests and we are investigating possible test methods to eliminate this distortion.

	Kaitiakitanga	Whanaungatanga	Manaakitanga	Tohungatanga	Rangatiratanga	Tikanga	Maungatere
Papatūānuku (Land)	●		●	●	●	●	●
Tangaroa (Sea)	●		●		●		●
Tāne (Plants and Animals)	●	●	●	●	●	●	●
Ranginui (Sky)				●	●		
Tāwhirimātea (Weather)				●			
Te Tai o Tangata (Social)	●	●	●	●	●	●	●

Ngāi Tahu Farming Limited

Entrepreneurship and Innovation

On-farm innovation is largely been focused around large scale farm development and achievement of our environmental goals.

Our farm development team have developed 15 farms from forest at Te Whenua Hou and innovate in their approach to achieve better results. For examples, the processes for removing stumps and wood wastes have been significantly improved over from the development of the first farm.

Variable rate irrigation has been installed on the centre pivots in order to maximise the efficiency of water use, reducing pumping costs, allowing water to go further and reducing nitrate leaching. The NIWA Irrigation Management Tool is being trialled to further improve water use by factoring farm specific weather forecasts and soil moisture data into the decision on whether to irrigate.

In conjunction with Lincoln University, lysimeters have been installed on farm in order to gain a better understanding of the drainage and leaching issues on farm.

Ngāi Tahu Farming Limited

Farm Infrastructure

Dairy Sheds
- 64 bail rotary dairy sheds.
- Waikato Milking System with automated cup removers.

Housing
- Te Ahu Pātiki: 1 x 4, 2 x 3, 2 x 2 bedroom houses.
- Maungatere: 1 x 4, 2 x 3, 1 x 2 bedroom houses.

Irrigation
- Centre Pivot irrigators (495 – 555m radius).
- Variable Rate Irrigation technology.
- Two soil moisture sensors on each pivot.
- 850m3 storage for each hectare under irrigation.
- Automated weather station, soil temp and water metering.

Irrigation Water Supply
- Surface water take from Waimakariri River via shareholding in Waimakariri Irrigation Limited.

Farm Dairy Effluent
- Two-pond effluent system with composite plastic/clay liner to prevent nutrient loss.
- 30 days effluent storage capacity.
- Effluent reticulated through Centre Pivot Irrigators for even application as required.

Farm Design
- Te Ahu Pātiki is 387ha with 353ha irrigated by way of three centre pivots with 14 paddocks on each pivot. Paddock areas range from 8.33ha to 8.77ha. The longest walk for cows is 1.16km.
- Maungatere is 308ha with 284ha irrigated by way of three centre pivots with 14 paddocks in each pivot. The longest walk for cows is 1.9km.

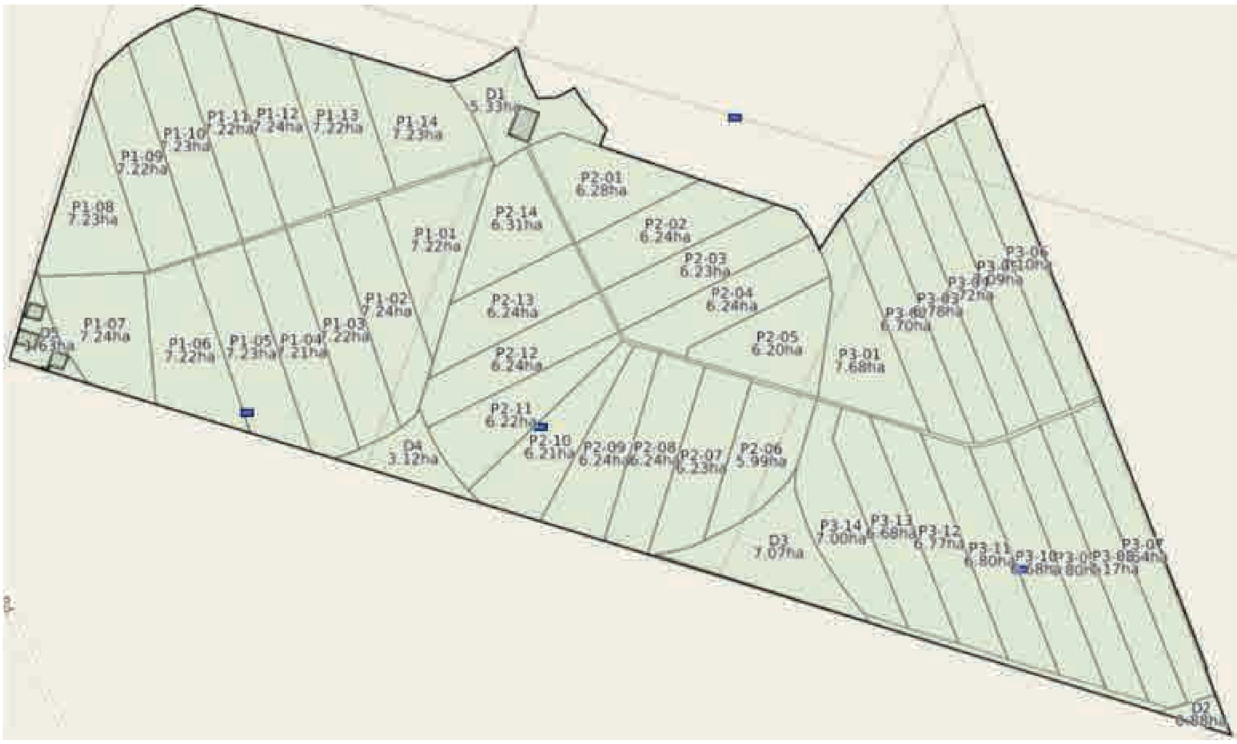
Management Information Systems
- Pro-track Dairy System: Real-time measurement of individual cow performance, weight, milk yield, mastitis levels and determination of individual in-shed supplementary feed.
- IQ Irrigation System: Online control of irrigation, application rates, water metering, effluent and liquid fertiliser application through Centre Pivot irrigators.
- Farm walks and rising plate meters.

Ngāi Tahu Farming Limited

Farm Map

Te Ahu Pātiki 387ha	Areas
Irrigated Area	353.03ha
Dry Area	22.22ha
Housing Area	7.6ha
Amenities	4.39ha

Maungatere 308ha	Areas
Irrigated Area	284.9ha
Dry Area	16.82ha
Housing Area	2.2ha
Amenities	4.19ha



Tewi Trust

674 Okoroire Road, RD2, Tirau

Field Day: Friday 11th March 2016

Tewi Trust

FIELD DAY PROGRAMME

9.30	Pōwhiri at Farm, 674 Okoroire Road, RD2, Tirau
10.00	Karakia – Morning Tea
10.20	Introduction to the Field Day Programme and History of the Ahuwhenua Trophy
10.35	History / Governance / Structure / Strategy / Financial
11.15	Farm tour including two stops Discussion on Production / Staff / Environmental Management
1.00	Reconvene for Farm Summary
1.30	Award Ceremony and Presentations
2.00	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.

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.

Tewi Trust

What Impressed the Judges

GOVERNANCE AND STRATEGY

- The Governors have a strong relationship and trust in their key advisors and Sharemilkers.
- Two key philosophies have been applied over time – always reduce debt and keep farm costs low– and this has been a key to the current solid position the business is in.
- On-farm investment has been well targeted with a focus on drainage and pasture renewal.
- They have identified that to have a successful business, they require market appealing infrastructure such as the farm dairy and Sharemilkers house to ensure quality Sharemilkers are attracted to this property into the future.
- Tewi Trust has a clear focus to ensure that the advisors involved in the business have the required expertise.

SOCIAL / COMMUNITY / NGĀ TIKANGA MĀORI

- The Trustees were familiar with their whānau and whakapapa and the cultural sensitivity of their farm.
- There is a high level of support for local marae including holding AGMs there.
- An education fund is in place and currently a student is studying in Hawaii.

FINANCIAL

- The business is in a very stable financial position with no debt.
- The Trust is also a profitable business carrying with discretionary cash gained (cash available for dividends, grants and investment) of $130,000 to $300,000 over the last three years.
- The Trust has performed well over time against the benchmark of 'Owners with 50:50 Sharemilkers'.
- Profitability is generated both through good levels of milk production per hectare and controlled cost structure.
- Operating Profit per hectare and per kgMS is higher than benchmark.
- Operating Profit margin is higher than benchmark in each year which indicates the business is able to withstand larger drops in milk price or input price rises.
- Operating Return on Dairy Assets is higher than benchmark and measures the efficiency of assets invested in the dairy business.

FEED PRODUCTION AND ANIMAL PERFORMANCE

- The farm is well managed given production levels of 1,186 kgMS and 383 kgMS per cow with relatively low levels of supplement use.
- A focus on crops to fill feed deficits in periods of the year such as summer has benefited production overall.
- Low empty rate of 6% to 7% indicates well grown heifers and well managed cows through the autumn and early spring period.

HUMAN RESOURCE

- Tewi Trust members recognise the importance of ensuring that they recruit high quality Sharemilkers in partnership on the farm.
- Formal Agreements with the Sharemilkers are in place.
- Health and safety issues are well known and recognised by all.

ENVIRONMENT AND SUSTAINABILITY

- The farm is 'compliant' with Environment Waikato regulations.
- Effluent is being applied to some cropping areas with plans to expand this area and benefit the overall fertility of the property.
- Water-ways are being fenced.
- Soil tests are completed each year to set fertility plans.

Tewi Trust

Directory

Tribal Affiliation: Ngāti Raukawa (ki Waikato)
Number of Owners: 53

TRUSTEE / BOARD
Tuhi Watkinson
Mita O'Brien
Kiriape Maaka
Adrian Warrid
Dennis Mihinui
Lea Mihinui

TRUSTEE ADVISOR
Ron Watkinson

50:50 SHAREMILKERS
Peter Butler
Louise Butler

FARM STAFF
Graham Gibbs

Farm Description

Our farm comprises 138 effective hectares of flat to rolling land. It is well developed, wintering 460 cows and aiming to achieve 180,000 kgMS or 1,300 kgMS/ha.

R2 year olds are grazed off farm and R1 year olds are grazed on farm, with 13ha of adjacent whānau land leased for feed support and winter grazing.

We have 50:50 Sharemilkers in place employing, one full time staff member, running a pasture based production system, utilising Palm kernel (PKE) in spring and maize in autumn to fill feed deficits and extend lactation.

A key focus for development is fine-tuning drainage, to create uninterrupted runs of pasture land, and decrease pasture pugging.

Tewi Trust

History of the Farm

Tewi Trust is a farm situated in Waikato near the small settlement of Okoroire, near Tirau. Named after the original owner Tewi Hoera, who passed the land on to his daughters, the history of Tewi Trust starts with what we call the 164 block.

Leased out in 1920 with compensation for improvements, when the lease came up during the Second World War the land was re-leased for another 30 years with no compensation for intervening improvements.

This was a difficult situation faced by many Māori land owners of that era; by 1971, the improvements were worthless, with ramshackle buildings and weed infestation – the family walked back on to the farm to see giant buttercup chest high.

Tewi's grandson Mukukai Mihinui took over the farm, and got it into working order. In 1972, the lease expired on the nearby 62 block, and this was used as a runoff. In 1974, Mukukai passed away. First his brother Himiona took over for three years, followed by his cousin Jack Te Hou.

In 1980 the whānau decided to engage a herd owning sharemilker, and built a new house; part of their philosophy of long term investment. Next came one of the most important parts of the farm history. The Trustees approached local man Snow Kinred, who had strong connections to the whānau and a good understanding of the Māori Land Court. Snow worked on a land swap to connect Block164 and Block 62 and this was finalised in 1991 – now, Tewi Trust had a much larger milking platform.

Another important part was Snow enlisting local beef and sheep farmer Graeme Christie as the Trustee Advisor. Graeme's involvement was a turning point for the Trust. He hired a Sharemilker who started raising productivity. His number one aim was to buy the non-Māori dairy farm that 164 and 62 surrounded; this was achieved in 2000, and the Tewi Trust milking platform was expanded for a second time, becoming a well-proportioned farm that was easy to manage.

From 2000, two milking sheds were operated, until a new dairy was built in 2004.

Graeme continued on until 2012, resigning after 26 years of service. In 2012 Ron Watkinson became the Trustee Advisor. The following year the Trustees decided to build a new house for the Sharemilkers, and Peter, Louise and their three sons moved in over Easter 2014.

The farm has two waahi tapu sites.

In 2016 the Tewi Trust is stronger than ever. With Peter and Louise sharemilking for us over the last 18 years, their business has grown alongside ours.

Tewi Trust

Governance and Strategy

Whatungarongaro te tangata Toitu te whenua

VISION

To bring all previously owned whānau whenua back into the Tewi fold.

MISSION

To build a strong and viable business for our future generations.

Our long term goal is to expand the farm over the next 20 years. There are several blocks of family land in the area and we are working to amalgamate three of these. In the future it makes sense to buy another economic dairy unit, leveraging the current farm to expand. The Trustee's focus is to build on our success and grow the business to benefit our mokopuna.

STRATEGY

Our greatest strength is our high equity in the business, the integrity of those running it and the location of the farm in an excellent dairying area.

To develop strategic plans, we identify what the farm needs to improve, then discuss ideas, looking at the cost and benefits. These discussions take place between the Trustees, the Sharemilker and Trustee Advisor. A typical time frame for developing a plan is around six months, and another six months to make it happen – all parties work as a team.

As the farm is well developed, the opportunities lie in fine-tuning. Over the next five to seven years, we are focused on improving drainage with novaflo and drainage metal as well pasture renovation, to be done as cash-flow allows. This improves the quality of pasture and increases the annual dry matter yield.

Another opportunity for improvement is expanding the effluent system. It is currently regulatory compliant, but the aim is to cover a wider area – that way the summer chicory crop can be irrigated without using the same paddocks every year.

In the medium term we will look to increase the size of the effluent holding pond.

A key business principle is to maintain a strong relationship with the firms that we engage with to keep our farm running, so that when we need them they are there to help us. We ensure that they are always paid by the due date.

Our strong values are reflected in the high standard of improvements we undertake – for example, building a large, high quality home for the Sharemilkers and their family.

We regard ourselves as a small whānau business, and we are working to bring all our ancestral whenua from Okoroire into the Trust.

Tewi Trust

GOVERNANCE

Trustees are elected by the shareholders as required, at the trust AGM. There is no fixed term or retiring by rotation for trustees.

Major decisions are put to the owners at the AGM – for example, building the new house and dairy. Owners are individually notified by mail, and the Trust embraces social media to keep owners aware of developments. Trustees are constantly talking to owners throughout the year, so owners are well informed of projects on the farm.

The governance team has a wide mix of skills. The chair person has decades of hands on dairy experience; we also have a fluent te reo speaker; a CYF officer, who gives us insight into child welfare; extensive knowledge of our whānau urupa; and the Trustee Advisor brings 50 years of dairy farming experience to the mix.

Trustees are selected by canvassing the owners, then encouraging them to stand for election. Two of the existing Trustees have completed a workshop on Trustees duties, and future Trustees will also be required to complete this course.

There is a strong relationship between the Trustees and the Trustee Advisor, with over 50 years of whānau connection. Consensus is quickly and easily agreed on all topics, and this is a key part of the farms success.

Tewi Trust

Social / Community / Ngā Tikanga Māori

GOALS

Our ultimate goal is to generate business profits to support the wider whānau, through donations, grants and ongoing funding.

Supporting our local Tapapa Marae to help build their wharenui, and help them with fund raising is a priority for the Trust Committee. This is a major project, and one close to our hearts.

We are working on a Tewi Memorial for our urupa, to recognise our tupuna buried there in unmarked graves, with plans for an Easter unveiling.

Ongoing funding is an important goal. The Trust maintains our urupa, mowing lawns, painting and water blasting headstones, and we recently paid for new fences. There is a Tukorehe Kohatu in the nearby Fitzgerald Glade, also maintained by the Trust.

The Trust also offers Tertiary Scholarships, to encourage tamariki to pursue further education.

Our goal is to extend whānau funding and assistance by lifting farm profits.

STRATEGIES

Our strategy is to build on the past and provide for the future.

To achieve our community goals, we look for 'bang for buck' – prioritising projects that will either help care for, or improve the future of the whānau.

Both history and future is important to us – that is why we offer education grants for our rangatahi, but also remember the past with memorials and passing on family history.

Tewi Trust

Farm Data and Key Performance Indicators

FARM INFORMATION

Tewi Trust	2013	2014	2015	BENCHMARK
				Matamata Piako District Council (39 Farms)
Effective Dairy Hectares	138	138	138	111
Support Block Effective Hectares	13	13	13	12.6
Peak Cows Milked	405	420	439	364
Milksolids (kgMS)	133,000	163,667	174,405	153,500
Staff Numbers (FTE's)	2.5	2.5	2.5	2.5
Supplements Fed (kgDM/cow)	847	954	971	1,125
Soil Fertility (OlsenP/pH)	29 / 6.2	–	38 / 6.2	–
Nitrogen (kgN/ha)	92	72	106	97
Physical KPIs				
Cows/ha	2.9	3.0	3.2	3.3
kgMS/ha	963	1,186	1,263	1,377
kgMS/cow	328	389	397	420
MS as a % of Cow Weight	68%	81%	83%	90%
Cows/person	162	168	172	146
kgMS/person	53,200	65,466	69,762	61,427
Pasture-crop Eaten (kgDM/ha)	10,700	12,700	12,100	13,800
6 Week in Calf Rate (%)	64%	65%	62%	67%
Liquidity (cash)				
Net Cash Income ($/kgMS)	3.26	3.83	2.89	n/a
Farm Working Expenses ($/kgMS)	1.86	1.82	1.64	n/a
Cash Operating Surplus ($/kgMS)	1.40	2.01	1.25	n/a
+/ Interest, Tax, Rent, Non-dairy inc. ($/kgMS)	0.40	0.16	0.47	n/a
Discretionary Cash ($/kgMS)	1.00	1.85	0.78	n/a
Operating Profit ($/ha)				
				BM North Island Owner with a 50:50 Sharemilker (22 farms)
Gross Farm Revenue ($/ha)	3,151	4,543	3,652	3,040
Operating Expenses ($/ha)	2,008	2,358	2,317	2,056
Operating Profit ($/ha)	1,143	2,185	1,335	984
Operating Profit ($/kgMS)				
Gross Farm Revenue ($/kgMS)	3.28	3.83	2.89	2.94
Operating Expenses ($/kgMS)	2.08	1.99	1.83	1.99
Operating Profit ($/kgMS)	1.20	1.84	1.06	0.95
Operating Margin (%)	36.3%	48.1%	36.6%	32.4%
Balance sheet				
Closing Dairy Assets	6,676,374	9,514,868	9,000,877	n/a
Closing Total Equity	6,637,299	9,337,654	8,817,286	n/a
Closing Liabilities/kgMS	40,808	178,458	184,840	n/a
Debt/assets (%)	0.6%	1.9%	2.1%	13.2%
Return on Dairy Assets (%) *(excluding capital gain/loss)*	2.6%	4.5%	1.9%	2.3%

Tewi Trust

Comparison with Other Finalists

3 YEAR AVERAGE FOR EACH FARM

Name	Ngāi Tahu	Tewi Trust	Rakaia Inc
District	Oxford North Canterbury	Okoroire South Waikato	Dorie Ashburton
Sharemilking Description	Owner Operator	Owner with 50:50 Sharemilker	Owner with 50:50 Sharemilker
Effective Dairy Hectares	645	138	217
Support Block Effective Hectares	0	13	0
Peak Cows Milked	2,068	421	817
Total FTEs	8.0	2.5	4.5
Milksolids (MS)	783,698	174,405	355,701
Physical KPIs			
Cows/ha	3.2	3.1	3.8
kgMS/ha	1,215	1,137	1,647
kgMS/cow	379	371	435
Cows/FTE	260	167	181
kgMS/FTE	98,020	62,809	79,045
Pasture Eaten (kgDM/ha)	12,270	11,800	14,600
Liquidity			
Net Cash Income ($/kgMS)	6.90	3.33	3.35
Farm Working Expenses ($/kgMS)	5.15	1.77	1.52
Cash Operating Surplus ($/kgMS)	1.75	1.56	1.83
+/– Interest, Tax, Rent, Non-dairy inc ($/kgMS)	n/a*	0.34	-0.02
Discretionary Cash ($/kgMS)	n/a *	1.22	1.84
Operating Profit			
Gross Farm Revenue ($/ha)	9,162	3,782	5,487
Operating Expenses ($/ha)	7,020	2,227	2,724
Operating Profit ($/ha)	2,142	1,555	2,763
Gross Farm Revenue ($/kgMS)	7.73	3.33	3.34
Operating Expenses ($/kgMS)	6.05	1.97	1.65
Operating Profit ($/kgMS)	1.68	1.36	1.69
Balance sheet			
Closing Dairy Assets	42,646,593	8,397,373	14,034,482
Closing Total Equity	42,646,593	8,397,373	14,034,482
Closing Liabilities/kgMS	n/a *	134,702	-147,635
Closing Total Equity	n/a*	8,264,079	14,096,016
Debt/assets (%)	n/a*	1.5%	0.2%
Return on Dairy Assets (%) *(excluding capital gain/loss)*	4.0%	3.0%	4.6%

**This has not been calculated as debt is not apportioned to individual farm businesses*

Tewi Trust

Financial and Benchmarking

GOAL

The long-term goal is to purchase a support block to carry replacement stock and grow extra supplement. This is part of our mission statement to build a strong and viable business for future generations.

Key performance indicators

We focus on cash – reviewing the bank balance and the month to month trend of our current account. This is based on 50 years of dairy business experience of the Trustee Advisor.

For the last three years we have kept costs between $1.64 and $1.87/kgMS. Our target is to keep them at this level or below.

Debt Repayment – the farm carries little debt, and if the payout was to be $5.50, it would take us four years to pay off the debt.

Dividend Payment – this is based on cashflow, balanced against the need for future investments and debt reduction.

Investment criteria for new investments

We evaluate return of an investment in three ways: cost, operational ease, and fitting in with our mission statement of building a strong business for the future.

For example, when the farm's main house was over 60 years old, we decided to build a new house of high quality. This home would require no maintenance for several years, add significant value to the farm, and improve living conditions for the Sharemilker. The new home also makes the farm an attractive proposition for any future Sharemilker.

Another example was the choice of paddock development or retiring debt. We chose to improve drainage, which now grows more grass, and provides an increased financial return.

Area of Focus to achieve our goals

The main focus is completing the drainage development programme to increase kgMS/ha. This cannot be emphasised enough, as it has already lifted production.

Continued control of costs – the farm is well maintained so this is easier to achieve. In low payout years we have very closely reviewed costs.

We will cut costs that are not essential to pasture production – for example, we will be cutting lime out this year as we have no pH levels under six.

KEY STRATEGIES

Currently draining a section of the farm with novaflo and drainage metal.

Development and implementation of our budget

The budget is developed through open discussion between the Trustees, their Trustee Advisor and the Sharemilker. The emphasis is always on improving productivity; we aim to keep costs below the dairy base average for our business. We look to implement improvements from cashflow rather than borrowed money.

Tewi Trust

Feed Production

PASTURE MANAGEMENT, CROPS, SUPPLEMENTS

At the beginning of each season, the Trustee Advisor and Sharemilker set up the farm plan and policies for that season.

In early autumn a feed budget is drawn up in conjunction with Farm Consultant Paul Lawrey. Supplements are allocated to maximise cow condition and pasture cover through winter and spring.

Rotation planner is used in early lactation with a daily paddock diary and close monitoring of residuals to identify surpluses and adjust round lengths.

6ha turnips, 5.8ha chicory and 3ha maize are grown on-farm, with a further 8.8ha of maize being brought home from the leased blocks.

Crops are grown to fill feed deficits and extend lactation. Maize is fed out in autumn, and PKE is used in spring to maintain both cow condition and production.

SOIL MANAGEMENT AND FERTILITY

The soil is Tirau Sandy Loam which is generally free draining except where contour restricts drainage these lower laying flats are prone to pugging in wetter periods of the year.

Soil tests are undertaken bi-annually, the information gained is used to make decisions on our fertiliser programme for the subsequent two years.

Effluent blocks have a special fertiliser mix based on their own soil tests.

We have room to stand the entire herd off in adverse weather conditions, to minimise pugging and protect the soil.

Tewi Trust

Animal Performance

HERD FERTILITY

Pre-mating heats start with cow's tails being painted by 1st September. They are metric checked in the second week of September and dirty cows treated. In the last week of September a decision is made around non-cyclers, i.e. treat with CIDR's or leave. This season a decision was made to use cheap short gestation low index crossbred semen for the last five days of mating. Mating is finished with a beef breed sire for 5 ½ weeks. The six week in-calf rate has varied over three years from 62-64%.

ANIMAL PRODUCTION

Focus areas

- Improve six week in-calf rate to 8-12% (ten week mating).
- Reduce cow empty rate.
- Consistently produce over 400 kgMS/cow profitability.
- Increase culling for production. By reducing empty rates we will be able to cull more for production and somatic cell count.
- Decrease lameness.

Dairy replacements

Having well grown heifers are a key focus for the farm. 20% replacements are reared each year. Heifer calves are weaned at ten weeks or 85 kgLW then fed for another three weeks on up to 1.5 kg/hd/day of meal. Calves are grazed two to a paddock until mid to late December then put behind wire and moved daily and fed1.2 kg/hd/day of PKE until leaving for off-farm grazing on 1st May. All stock is weighed upon arrival at the grazers. Animal health is administered by the Sharemilker whilst animals are grazing. R2 year heifers are weighed regularly to make sure target weights are met with the aim to have heifers at 440-450 kgs live weight back on-farm.

Tewi Trust

Human Resource

MANAGERS AND STAFF

Goals

To retain top quality Sharemilkers through maintaining good relationships and business growth. By expanding the farm, we expand the Sharemilkers business. Additionally, we place importance on being able to have open discussions on all aspects of the business, and avoid micromanagement. As a result we've been able to retain our Sharemilkers for 18 years, and they have retained their current staff member for 12 years.

Trust Strategies

Setting long-term and fair agreements. This year is the start of a five year contract. We like staff to treat the farm as their own. We maintain an open door policy on ideas, with the freedom to contact each other and discuss what's happening at any time.

Sharemilker Strategies

Be fair and work together. Offer job security. Don't let the small stuff get in the way – focus on the big picture.

RURAL PROFESSIONALS

When we have to select a new rural professional, our criteria is that they are local, experienced in our business, and have a reputation for integrity.

- The Accountant: provides taxation, shareholder dividend advice and makes payments. He is very efficient, we have a draft balance sheet one week after the end of season.
- Ballance Agri-Nutrients: undertake soil testing and provide soil nutrient management advice.
- Paul Lawery, Farm Consultant, is used tactically 3-4 times a season. He provides a good outside viewpoint and helps ensure the farm is set up well for the next season.

Tewi Trust

Environmental / Sustainability Goals and Practices

GOALS

To leave the farm in a better state.

Maintain our excellent record of compliance and good relationships with Waikato Regional Council.

Key performance indicators

- No pugging damage to pastures.
- Maintain compliance with Fonterra and Waikato Regional Council requirements.
- Increased use of effluent for crops in place of artificial fertiliser.
- Reduce impact of human residence.

STRATEGIES

We have nearly completed necessary drainage and some steep areas have been retired from stock to protect from erosion.

Future strategies include:

- Riparian planting on the waterways.
- Currently investigating extending the effluent area covered by irrigation by another 9ha.
- Building a larger effluent storage pond.

Current strategies are:

- Standing off cows to minimise pugging damage to pasture; this protects soil structure and health and maximises pasture growth.
- Effluent spreading direct to paddock through a traveling irrigator. We have a backup motor in the event of a breakdown and the pump servicing company has replacement pumps available 24/7. In heavy rain, the storage pond is used.
- Rain water diversion is used at the cowshed to minimise storage and pumping of water.
- We use effluent on crop paddocks.
- The new house has a state of the art sewage system.
- Nitrogen is applied three times a season. The Sharemilker does this and it is done strategically in optimum weather conditions.
- There are shade trees in most paddocks.
- Silage wrap is recycled.

Tewi Trust

Farm Infrastructure

The farm has 55 paddocks with races to all. Fences are predominantly four wires with one electrified.

Tracks have a rubble base and are capped with sand, so stock can move easily, and lameness can be kept to a minimum.

There are two water bores both with high quality water. One is dedicated to stock water to allow the use of an inline mineral dispenser. The other is dedicated to the dairy and house water. Main waterlines are 32mm using the ring system with 25mm and 20mm to troughs, with two troughs in most paddocks.

There are five hay barns and four silage bunkers; two are relatively new with concrete floors, sides and front apron. One is a concrete floor only, and one with clay sides and metal floors.

There is a dedicated calf rearing shed set away from the dairy with power and easy access for bobby calf collection trucks.

The farm has three equipment storage sheds, one with lockable workshop attached and another with lockable hazardous goods storage attached.

The dairy is a 40 aside herringbone built in 2004, and incorporates all the facilities required for efficient stock handling. It has a 500 cow capacity yard, with another holding area attached that holds 200 cows. This allows stand off for the cows in adverse winter weather.

There are two houses, the first built in 1980, and another built in 2014. Any buildings built by the Trust are always constructed to above average standards to ensure longevity. All buildings are well maintained and managed.

Tewi Trust

Farm Map

The Proprietors of Rakaia Incorporation

1269 Kyle Road, Ashburton

Field Day: Wednesday 16th March 2016

The Proprietors of Rakaia Incorporation

FIELD DAY PROGRAMME

9.30	Pōwhiri at Farm, 1290 Kyle Road, Ashburton
10.00	Karakia – Morning Tea
10.20	Introduction to the Field Day Programme and History of the Ahuwhenua Trophy
10.35	History, Key Facts and Figures, Farming Principles
11.15	Farm tour including two stops Stop 1: Pasture and Cow Management / Health and Safety / Our Team Stop 2: Soil / Irrigation / Nutrient Use / Pasture Renewal
1.00	Reconvene for Farm Summary
1.30	Award Ceremony and Presentations
2.00	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.

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.

The Proprietors of Rakaia Incorporation

What Impressed the Judges

GOVERNANCE AND STRATEGY

- The owners have a professional team operating at a very high standard (Secretary, Farm Supervisor, Sharemilkers) supporting the owners to achieve their vision and goals; their team specifically supports them in a financial and farming capacity.
- Clear investment criteria exist in the Incorporation.
- Dividends have on occasions been forgone to grow the assets of the Incorporation but $2,000,000 of dividends has been declared as of December 2015.
- A focus on growth to ensure that the Incorporation can provide enhanced opportunities for beneficiaries over time.

SOCIAL / COMMUNITY / NGĀ TIKANGA MĀORI

- Encouragement of participation into the Whenua Kura Māori training and leadership programme.
- The committee wants to continue to grow for their owners.
- There are examples of collaboration with local farmers when issues arise such as challenging weather events.
- A bi-annual visit for the farm is offered to owners so they can meet the committee and Sharemilkers on the farm.

FINANCIAL AND BENCHMARKING

- The Rakaia Incorporation business strategy is to purchase more farm land when debt levels are very low. The business is currently in a position to expand again.
- The Incorporation has consistently performed well over time against the benchmark of 'Owners with 50% Sharemilkers'.
- Operating Profit per ha is higher than the benchmark over the last three years.
- Farm Working Expenses per kgMS have stayed within a band of $1.47 to $1.57 in the last three seasons.
- Operating Profit margins were well above the benchmark in the 2013/14 and 2012/13 season.
- Use of annual budgets, cashflows and partial budgets were well utilised in the business.

FEED PRODUCTION AND ANIMAL PERFORMANCE

- Production per cow and per ha has been well above benchmarks over the last three years.
- The management team has excellent knowledge of their paddock history and pastures and understands how irrigation management and re-grassing can optimize overall farm pasture production.
- Feed demand and supply is well managed and monitored using tools such as feed budgets, spring rotation planner and autumn rotation planner.
- The Sharemilkers, Mark and Julie Cressey, treat the farm as if it were their own and have a high level of 'attention to detail'. There solid understanding of their herd was a highlight.

HUMAN RESOURCE

- The Incorporation identified that they would trade off potential cash returns by structuring the farm with a herd owning sharemilker to ensure that their managing labour had an investment in property which would protect and grow their assets collectively.
- Health and safety was well covered by all. Hazardco was utilised as a third party to ensure compliance was covered and independently recognised.
- Course fees are paid for by the Sharemilkers after successful completion of training.

ENVIRONMENT AND SUSTAINABILITY

- Strong environmental focus on compliance currently and understanding of potential changes in the future.
- Overseer used for the last ten years.
- N Budgets set as part of the farming polices.

The Proprietors of Rakaia Incorporation

Directory

Tribal Affiliation: The Shareholders affiliate to Ngāi Tahu and a number of the South Island Rūnaka/Hapū

Number of Owners: 300

TRUSTEE / BOARD

James Russell, *Chairman*
Hohepa Johnson, *Deputy Chair*
Alamein Scholtens
Koral Gallagher
Tim Reriti
Wayne Hicko
Mark Tynan, *Secretary*

50:50 SHAREMILKERS

Mark Cressey
Julie Cressey

FARM STAFF

Nicky Halley, *Manager*
Keens Torres
Brix Milag
Emil Mendez
Aaron Livesey

INDEPENDENT FARM SUPERVISOR

John Donkers

Farm Description

Tahu a Tao farm comprises 216 effective hectares at Dorie in Mid Canterbury. The contour is flat and soils are free draining silt loams overlaying deep gravels. Tahu a Tao is milking 820 cows this season targeting 360,000 kgMS. Julie and Mark Cressey are our 50:50 Sharemilking partners, who are in their ninth season. They employ five staff to assist them. The farm is operated as "System 3" with a focus on maximising pasture feed production and harvesting it efficiently with cows. Annual rainfall on the farm is only 650mm and irrigation is therefore fundamental. Water is sourced from groundwater, and reliable soils are ideal for irrigating. All replacement livestock are grazed off-farm, cows are wintered off for nine weeks and annual purchased feed for milking cows is 500 – 600 kgDM/cow. The farm is in its 19th season and is producing like a 'fine wine'.

The Proprietors of Rakaia Incorporation

History of the Farm

The Incorporation's roots date back to 1886. The land was originally set aside as one of 16 blocks of Māori reserve land known collectively as Rakaia 2058. In the early years the land was leased out to local crop farmers. Over the last 50 years 14 of the original 16 blocks have been sold, Tahu a Tao is the only block whose owners have developed their land into an outstanding dairying unit. Unlike other reserve owners, Rakaia Incorporation realised that they had a special slice of farming land when one of the local farmers 40 years ago offered to buy the land cheaply. A valuation was undertaken and the owners discovered the price offered was less than half the market value, and duly rejected the offer. Irrigation had at that stage become more prevalent and research started on what was possible from the land with a sustainable water supply.

The Incorporation has been well served by passionate Committee of Management people and advisors. This lead to discussions within this group on what the land was most suitable for, and who was going to undertake the daily tasks. Another Incorporation known to the Committee was also exploring dairying and this became a serious option when initial research showed the farm to have many strong attributes suited for dairying.

The decision to convert to a dairy farm was made in 1996 and with the assistance of John Donkers a reputable farm consultant the land was developed. John has continued with the Incorporation as the External Farm Supervisor ever since and is an integral link between the share-milkers and the Committee of Management. John describes the development as a complete blank canvas, everything was needed, pastures, wells, fences, lanes, roads, power, accommodation and sheds. Over time the Incorporation has been most fortunate to be able to add to the infrastructure, which is of a high standard and is well maintained by those partnering with the Incorporation.

Development of the farm would not have been possible without the support of the Shareholders who supported the Committee to retain profits made from leasing the land in the early years. These reserves enabled the Incorporation to buy further land nearby known as the Longview farm, a cropping unit. This farm was sold some ten years later shortly after Tahu a Tao was developed to defray the development costs to a large extent.

Nine years on in 2005 the financial results of the Incorporation had accumulated sufficiently to enable the Incorporation to acquire a second farm – the farm is known as Pahau and is located in the Amuri basin.

Acquiring, enhancing and achieving sustainable returns from land is a significant strategy for The Incorporation who is eyeing their third farm shortly. Land and the produce enhances the mana of Shareholders. A long held vision has been to own one farm for each of the original 27 owners identified in 1886.

The Proprietors of Rakaia Incorporation

Governance and Strategy

VISION

We recognise the mana of our ancestral land, our responsibility is to prudently manage and retain the land for the social benefit and enjoyment of our Shareholders and their descendants.

The Incorporation has set a long horizon in its vision of having one farm for each of the 27 original Shareholders. We have two farms now, and 25 to go. We reasonably expect it could take 200 years to achieve our vision.

STRATEGIC PLAN

Goal 1 To enhance our owners mana through guarding, caring and toiling from the land.

Goal 2 To protect our ancestral lands āke ake ake.

Goal 3 To produce the highest quality of produce and share it with others.

Goal 4 To respect our environment.

Goal 5 To grow the Incorporation land bank.

Goal 6 To support our owners with an increasing annual dividend.

These goals are achieved by:

- Having dedicated and passionate people at all levels working cohesively together.
- Balancing what is best for the land, the environment and people.
- Leadership through setting strong vision and direction, and allowing each to play to their strength.
- Communicating clearly and regularly with all stakeholders.

STRATEGIC PLANNING

The Committee of Management is mandated by the Shareholders to direct the Incorporation. The Committee consult with the owners twice a year, once at farm day in February and again at the AGM in October. The committee's discussions around strategy also involve the professional advisors, Secretary/Accountant Mark Tynan (14 years) of Ashton Wheelans and the Independent Farm Supervisor John Donkers (20 years).

The Proprietors of Rakaia Incorporation

SWOT Analysis

Strengths:

- Access to good advice.
- An excellent farm location, flat, free draining soils.
- High grass yields by managing pastures and water and fertilisers efficiently.
- Quality infrastructure.
- Partnering with excellent Sharemilkers and suppliers.
- Low farm costs.

Weakness:

- Little control over the payout price, we must therefore focus on what we do control, costs and quantity and quality of milk.

Opportunities:

- Pending financial results to buy farm #3, then #4 then #5 etc.
- Potential amalgamation with other Māori land owners (when the time is right).
- To see whānau build careers in dairy for their futures.

Threats:

- Water supply. We are within our consented levels, the wells are in a strong aquifer, however the area is deemed yellow by Environment Canterbury, so there is caution.

Key Business Principles / Values

Whakapapa – Tribal identity and links to the land
Kaitiakitaka – To nuture our natural resources for a prosperous future
Tino Rangatirataka – Excellent leadership
Manaakitaka – Giving mana by caring for our assets and Shareholders
Kotahitaka – Solidarity through unity
Whanaungataka – Strengthening our whānau

GOVERNANCE

The Shareholders make the most important decision each year – choosing who to appoint to the Committee of Management. There are currently six members on the Committee and two retire by rotation annually.

After the appointment by the Shareholders the Committee is mandated to get on with the business. There are five committee meetings each year and material from the Farm Supervisor and Accountant are shared in advance of the meeting.

The Committee has been well served for many years by whānau with a variety of skills, including business skills and working with people across many different industries. When a Committee member retires, replacements are sought from within the whānau to ensure the mix of skills is appropriate. This is typically done through the nominations process, but candidates are encouraged to speak at the AGM.

The Committee members are encouraged to take advantage of courses promoted by Fonterra and attend open days where offered.

Advisors are identified that have the practical skills and ability to explain technical matters in a user friendly manner. Advisor performance is monitored by the Committee.

The Proprietors of Rakaia Incorporation

Social / Community / Ngā Tikanga Māori

The Committee members are involved in the community whether by way of involvement, leadership, participation with other Māori entities, local rūnanga or through their employment or investments.

Our commitment to Tikaka Māori is reflected in our values or *tikaka*. Shareholders and Committee Members have common ancestry links through *whakapapa* back to the land. An asset creates profit and therefore it is *tika* to look after or *tiaki* our assets so as others after us can enjoy not only the fruits but also the learnings that have been gained through the experience.

Excellent leadership/*rangatirataka* is required along with unity/*kotahitaka* to ensure that everyone is on board the waka so to speak, and all in sync heading in the right direction. This requires excellent communication and systems that ensures that the *mana* of all the *whānau* remains intact/*houkura*. Leadership includes listening to others.

The land is Māori Reserve Land. Land has the ability to give to people *mana*, a right to stand and to speak and to be heard. This land will remain as is legally possible as Māori Reserve Land under the Te Ture Whenua Act 1993.

The Committee are all Māori and *whakapapa* to this land.

Tahu a Tao is Māori Reserve Land. The second farm at Pahau is investment land. A spring on the Pahau farm is currently being considered from an environmental perspective. While no livestock encroaches on the area, it is a natural source of water for ducks and other wildlife. Plantings are being considered along the spring banks.

Annually owners are invited to visit the farms on a rotational basis. In February 2016, it was Tahu a Tao's turn to host the owners, about 25 attended.

The visit consists of a meeting between the Committee and Sharemilkers, followed by an introduction of the Committee and Sharemilkers to the Shareholders, a tour of the farm, attendance at milking and a BBQ where the Shareholders and Committee have the opportunity to get to know each other and to discuss the business. Activities are held with the whānau which has included education material about how much a cow eats and drinks per day as well as a planting of native plants to enhance the land.

STRATEGIES

- Adhere to the best farming practices available. We do things because it's right to do so not because regulators tell us to. We implement environmental plans, farm operating systems, health and safety programmes. These are implemented in a manner that helps rather than constrains.
- Benchmarking of performance and challenging the status quo. Budgeting is undertaken annually and monitoring of results takes place formally bi-monthly and informally daily as access to cloud software shares the financial results with the Committee and Farm Supervisor. We look at the big picture as well as the detail.
- Focus on managing the things we can influence such as on farm costs, farming practices, milk quantity and quality. We do not stress on matters we have little control over such as the milk price, interest rates etc.
- Building a loyal, passionate and dedicated team between the Committee, Advisors, Sharemilkers and staff and encouraging open communication between all. Supporting each other when times are tough and giving others opportunities is essential to our approach.

The Proprietors of Rakaia Incorporation

Farm Data and Key Performance Indicators

FARM INFORMATION

Tahu a Tao Farm	2013	2014	2015	BENCHMARK
				BM Canterbury (62 Farms)
Effective Dairy Hectares	217	217	217	242
Support Block Effective Hectares	0	0	0	77
Peak Cows Milked	820	812	820	880
Milksolids (kgMS)	352,191	345,329	373,000	388,080
Staff Numbers (FTE's)	4.5	4.5	4.5	5.1
Supplements Fed (kgDM/cow)	700	650	500	669
Soil Fertility (OlsenP/pH)	24 / 6.0	27 / 6.1	25 / 6.0	n/a
Nitrogen (kgN/ha)	223	226	241	230
Physical KPIs				
Cows/ha	3.8	3.76	3.8	3.6
kgMS/ha	1,623	1,599	1,719	1,611
kgMS/cow	427	425	453	444
MS as a % of Cow Weight	93%	92%	98%	93%
Cows/person	182	180	182	173
kgMS/person	77,884	76,740	82,510	76,554
Pasture-crop Eaten (kgDM/ha)	15,000	14,000	14,800	14,600
6 Week in Calf Rate (%)	67%	70%	71%	68%
Liquidity (cash)				
Net Cash Income ($/kgMS)	3.33	3.98	2.73	n/a
Farm Working Expenses ($/kgMS)	1.47	1.52	1.57	n/a
Cash Operating Surplus ($/kgMS)	1.86	2.46	1.16	n/a
+/ Interest, Tax, Rent, Non-dairy inc. ($/kgMS)	-0.26	+0.04	0.15	n/a
Discretionary Cash ($/kgMS)	1.60	2.50	1.01	n/a
Operating Profit ($/ha)				
				BM New Zealand Owners with a 50:50 Sharemilker (28 farms)
Gross Farm Revenue ($/ha)	5,404	6,370	4,686	3,072
Operating Expenses ($/ha)	2,636	2,640	2,898	2,114
Operating Profit ($/ha)	2,767	3,730	1,744	958
Operating Profit ($/kgMS)				
Gross Farm Revenue ($/kgMS)	3.33	3.98	2.73	2.73
Operating Expenses ($/kgMS)	1.62	1.65	1.69	2.02
Operating Profit ($/kgMS)	1.71	2.33	1.04	0.92
Operating Margin (%)	29%	58.6%	38%	31%
Balance sheet				
Closing Dairy Assets	13,793,805	14,640,529	13,669,112	n/a
Closing Total Equity	13,793,805	14,905,519	13,588,723	n/a
Closing Liabilities/kgMS	-258,305	-264,990	80,389	n/a
Debt/assets (%)	0%	0%	0.6%	11.3%
Return on Dairy Assets (%) *(excluding capital gain/loss)*	5.4%	5.8%	2.6%	2.6%

The Proprietors of Rakaia Incorporation

Comparison with Other Finalists

3 YEAR AVERAGE FOR EACH FARM

Name	Ngāi Tahu	Tewi Trust	Rakaia Inc
District	Oxford North Canterbury	Okoroire South Waikato	Dorie Ashburton
Sharemilking Description	Owner Operator	Owner with 50:50 Sharemilker	Owner with 50:50 Sharemilker
Effective Dairy Hectares	645	138	217
Support Block Effective Hectares	0	13	0
Peak Cows Milked	2,068	421	817
Total FTEs	8.0	2.5	4.5
Milksolids (MS)	783,698	174,405	355,701
Physical KPIs			
Cows/ha	3.2	3.1	3.8
kgMS/ha	1,215	1,137	1,647
kgMS/cow	379	371	435
Cows/FTE	260	167	181
kgMS/FTE	98,020	62,809	79,045
Pasture Eaten (kgDM/ha)	12,270	11,800	14,600
Liquidity			
Net Cash Income ($/kgMS)	6.90	3.33	3.35
Farm Working Expenses ($/kgMS)	5.15	1.77	1.52
Cash Operating Surplus ($/kgMS)	1.75	1.56	1.83
+/– Interest, Tax, Rent, Non-dairy inc ($/kgMS)	n/a*	0.34	-0.02
Discretionary Cash ($/kgMS)	n/a *	1.22	1.84
Operating Profit			
Gross Farm Revenue ($/ha)	9,162	3,782	5,487
Operating Expenses ($/ha)	7,020	2,227	2,724
Operating Profit ($/ha)	2,142	1,555	2,763
Gross Farm Revenue ($/kgMS)	7.73	3.33	3.34
Operating Expenses ($/kgMS)	6.05	1.97	1.65
Operating Profit ($/kgMS)	1.68	1.36	1.69
Balance sheet			
Closing Dairy Assets	42,646,593	8,397,373	14,034,482
Closing Total Equity	42,646,593	8,397,373	14,034,482
Closing Liabilities/kgMS	n/a *	134,702	-147,635
Closing Total Equity	n/a*	8,264,079	14,096,016
Debt/assets (%)	n/a*	1.5%	0.2%
Return on Dairy Assets (%) *(excluding capital gain/loss)*	4.0%	3.0%	4.6%

**This has not been calculated as debt is not apportioned to individual farm businesses*

The Proprietors of Rakaia Incorporation

Farm Financial and Benchmarking Performance

GOALS

- The Incorporation is in a fortunate position having managed its finances well and having good Shareholder support over the years to carry only a modest debt level. In the high milk price payout years a special dividend is added to the normal dividend for owners. The Committee seeks to pay out up to 40% of the annual result. The Incorporation aims to make sufficient annual profits to continue the dividend policy to Shareholders, and thereby helping them with their personal aspirations.
- To retain at least 60% of the profits to manage debt and reinvestment in Capital expenditure or when the time is right to buy a third farm, and over time to continue this strategy with the fourth farm and fifth etc.
- To measure the "value of a relationship" not just the cost with our suppliers.
- Our farm costs are $1.40-$1.60/kgMS which we believe to be low and we strive to maintain this by challenging our practices – a good example is growing fodder beet on our milking area as a winter transition crop which is half the cost of other options.
- To maintain the asset base whether infrastructural assets such as buildings to a high standing or off balance sheet assets such as pastures.
- To manage interest rate risk by taking fixed positions.
- Participant in DairyBase benchmarking to complement our Farm Supervisors industry knowledge.

KPIs

- Our Sharemilkers focus on achievement of budgeted milk volumes (kgMS) and milk quality. 2016 season 360,000 kgMS.
- Farm Costs between $1.40-1.60/kgMS is a number we monitor throughout the year. Through our farm supervisors industry experience we seek to be a low cost farm but not at the detriment of the land, animals or people. We are on track to be below $1.40/kgMS in 2016.
- Cash flow – this is the key item when the committee come to decide dividend vs debt repayment vs capital expenditure i.e. what we can afford. Actual to budget – we set realistic budgets and work hard to be on the right side of the numbers by making astute management and farming decisions.

INVESTMENT CRITERIA

- We have a model we developed when considering our second farm purchase and this predictably includes a variety of operational, financial and structural parameters. In today's farming world, compliance to regulations, water access and pasture conditions are also critical.
- Pahau cost approx. $4.2m and was valued last year at over $8m; this is a 100% increase in nine years.
- Tahu a Tao was worth $100k 19 years ago as unimproved land and the Incorporation has developed it and reinvested in it over the years (at an estimate of $2m to $2.5m) and is now worth over $13m.
- Capital Expenditure is not measured solely on financial returns – but when it is, a payback period of 5-7 years is targeted for plant and equipment and a longer item frame for buildings. For off-farm investment opportunities we consider 7-10 years as an exceptional payback period and 10-15 years as acceptable performance. But investing in staff housing to attract the best people is not measured solely in financial terms – and similarly replacing a water pump as a critical operational item is not measured in financial terms but in speed to be working again.

The Proprietors of Rakaia Incorporation

Farm Financial and Benchmarking Performance

STRATEGIES

It is about constantly looking for small efficiency gains to be profitable even in difficult times; thereby reducing debt levels and enabling us to be in a good position to take up investment opportunities as they arise.

- Fodder beet as an alternative to more expensive options.
- A hold on non-essential spending.
- Reviewing our banking arrangement to get the most advantageous rates available.
- Evaluating investment opportunities that arise to ensure a good fit with our investment model.
- Investigate pivot irrigators for future years.
- Look at solar energy which may become more attractive as technologies improve.

BUDGET APPROACH

The budget is initially worked on between the Farm Supervisor and Sharemilker and then between the Farm Supervisor and the Accountant/Secretary. The Secretary then presents this to the Committee of Management who question and challenge. Revisions are then made and finalised. Reporting to budget is then the critical monitoring tool, which occurs bi-monthly. The results are recorded in the cloud software package Xero.

The Proprietors of Rakaia Incorporation

Feed Production

GOALS

- Cost effectively produce as much pasture as possible.
- Utilise pasture grown efficiently with livestock.

STRATEGIES

- Undertake an aggressive pasture renovation programme to replace existing high endophyte pastures and to continue to develop highly productive pastures.
- Grow forage crops (fodder beet) to provide autumn supplement and transition cows for winter feeding.
- Targeting high quality bought in supplements >11.0ME.
- Perform weekly monitoring of pasture cover and growth rates for planning grazing and feeding to achieve optimum pre-grazing and residual targets; the pre-grazing target is 2,900 and the residual target is 1,500 kgDM/ha.
- Using spring planner to 30th Sept; summer rotation approx. 21 days; autumn 30+ day rotation to maximise pasture production.
- Utilising average pasture cover trigger points during the season:
  – less than 2,050 kgDM/ha – add supplements.
  – above 2,200 kgDM/ha pasture surplus (take paddock out for supplement).
  – 2,050-2,200 kgDM/ha – normal operating range.
- Using nitrogen fertiliser and gibberellic acid to boost pasture yield. Giberellic acid is used in spring and autumn. Nitrogen is applied from August to April.

SOIL MANAGEMENT AND FERTILITY

- Manage livestock to avoid damaging soils.
- Undertake annual soil testing on seven monitor paddocks (19 years of records).
- Undertake herbage analysis annually– used to confirm potash requirements.
- Work to achieve soil nutrient targets:
  – pH – 5.8-6.0
  – Olsen P – 27-33.
- Managed use of Nitrogen – approx. 250 kgN/ha.
- Utilise Overseer nutrient budgeting to determine phosphate requirements – have used for approx. ten years.
- Calculate N loss – have done for the last five years. 2015-16 N loss is predicted to be 32 kgN/ha.
- Effluent area receives lower fertiliser inputs.
- Have recently developed a Farm Environment Plan.

IRRIGATION MANAGEMENT

- Soil water moisture monitoring strips help the decision making for the optimal time to irrigate.
- We acquired a fourth irrigator so the irrigation cycle reduced from eleven days at 50mm to eight days and 35mm water application.
- Water meters help monitor water usage to ensure we are within our consented take.

The Proprietors of Rakaia Incorporation

Animal Performance

HERD FERTILITY GOALS

- Maintain a rapid calving rate. Target start of calving to mid point < 15 days (currently achieving 11 days) to maximise cow milking days and to give the majority of cows a long interval between calving and mating.
- Six week in-calf rate of >70%.
- Empty rate of <15%.
- To achieve industry targets for cow body condition score, mineral levels and reproductive system health.

STRATEGIES

- Use tail paint to assist in identifying cows on heat during pre-mating and mating.
- Main herd: five weeks AB followed by five weeks of bull matings (ten week mating).
- No intervention.
- Mate R2 year heifers to synchronised AB.
- Calve R2 year heifers ten days before MA cows.

DAIRY REPLACEMENTS

- Goal is to have high quality, well grown replacement heifers entering the herd – liveweight at calving 90% of mature cows i.e. 415 kg.
- Sharemilkers contract allows 170 replacements (20% of cows wintered) but Sharemilkers have option to rear more – and routinely rear 200.
- Replacement livestock are grazed off-farm from weaning until first calving. Owners and Sharemilkers share this cost equally.
- Replacements are all artificially bred offspring – LIC genetics.
- Calves are reared on stored colostrums and grain.
- Monthly monitoring of liveweight and growth rates, which are recorded on MINDA Weights.
- Follow a strict animal health programme.

The Proprietors of Rakaia Incorporation

Human Resource

INCORPORATION GOALS

- Recruit the right Sharemilker.
- Encourage Shareholders to have their whānau follow the dairying career pathway. Through our affiliation to Ngāi Tahu, farming scholarships to Lincoln are available and we want to support opportunities for our people.

SHAREMILKER GOALS

- Being able to recruit and retain skilled and motivated staff.
- Maintaining low staff turnover (<25% of FTEs).
- Farm is being operated safely – no injuries, accidents or fatalities.
- People achieving their objectives.
- The farm production and profitability targets being achieved.

STRATEGIES

- Strong focus on recruiting the right people – require CVs, interviews, reference checks.
- All staff have an employment agreement and a clear job description, including KPI targets.
- New staff are inducted into the business and are provided with on and off farm training.
- Regular performance review processes to assess performance and identify skill gaps and training needs.
- Staff are provided with a high standard of housing.
- The farm operates a competitive and fair roster.
- Staff are encouraged to attend field days and training courses, or on farm training carried out by relevant professionals. Course fees will be reimbursed by the employer if training objectives are achieved.
- Staff are offered competitive salaries with the opportunity for promotion.
- All staff are given the opportunity to perform all tasks on farm, via training and rosters. Typically they undertake eight milkings in a ten day cycle.
- Weekly staff meetings are held. White boards, radios and email are all tools of communication used along with a farm systems manual in the farm office and in each staff house.
- We have an open door policy and encourage all staff to approach us at any time to discuss anything that they wish to.
- For overseas staff we encourage and support their integration into the country and local community.

RURAL PROFESSIONALS

- We listen first to recommendations from people we trust when selecting professionals to work with. We then interview them to see what they are like and once appointed monitor their performance and interest.
- We seek input from our advisors as if they were the land owner. We ask "what would you do if it was yours?"

The Proprietors of Rakaia Incorporation

Environmental / Sustainability Goals and Practices

GOALS

- To manage the farm in a way that will ensure that it is able to operate well into the future at a productive and profitable level.
- As a minimum bottom line, achieve current regulatory environmental compliance.
- Improve the recycling of waste streams from the farm.

KPIs

- N loss: to be at or below the good management practice number as determined by regional council number (yet to be determined).
- Olsen phosphate to range 28-35 and pH to range 5.8-6.1.
- PKE usage levels <300 kgPKE/cow.

STRATEGIES

- Use farm practices that minimise N loss to ground water e.g. fertiliser proof of placement technologies on spreader. Crop and pasture establishment – more use of minimum tillage.
- Use of crops to supply supplementary feed and assist pasture renovation and reduce dependence on PKE.
- Monitoring systems that provide us more accurate and real time data to manage the farm.
  – utilise INZ SMART irrigation technologies – to get "more crop for our drop"
  – undertake aquaflex soil monitoring to utilise excess N through the use of rapid growth green crops after fodder beet.

CURRENT STRATEGIES

- Maintain actively growing pastures – especially in slow growth periods to keep nitrogen demand high.
- Undertake soil moisture monitoring to assist irrigation decision making and reduce irrigation water use especially in spring and autumn.
- Limit nitrogen applications to less than 40 kgN/application.
- Undertake annual soil testing to determine phosphate requirements and pH.
- Manage livestock to reduce soil pugging damage.
- Effectively managing effluent disposal.
- Effectively manage farm dairy water usage.

The Proprietors of Rakaia Incorporation

Entrepreneurship and Innovation

- Aggressive pasture renewal programme using annual ryegrass as a "one-year crop" to improve seed-bed for the perennial pasture establishment.
- "3 milkings in 2 days" from early autumn to promote liveweight gain without production loss.
- Soil moisture monitoring to assist irrigation decision making.
- Cloud computing – using Xero accounting software to provide professional advisers with access to financial data.

The Proprietors of Rakaia Incorporation

Farm Infrastructure

The farm is well resourced with good infrastructure. Including three houses and a two bedroom unit for the Sharemilkers, Farm Manager and staff. The dairy shed is a 50 bale rotary with a 12m radius yard. Generous calf sheds exist along with yard office and workshop. A secure area houses chemicals. Farm maintenance is undertaken by the Sharemilkers and staff unless external expertise is required. Pride in the quality of the houses is shared by both the land owners and the staff.

There are four Rotorainer irrigators. Three are on an eight day return and one on a ten day return. All irrigators are serviced in the winter by farm staff (this helps train the staff in how the irrigators work). Last year the Sharemilkers and Farm Supervisor approached the Committee to acquire the fourth irrigator as a more efficient means of irrigating.

Aquaflex soil moisture monitoring systems are fitted in two paddocks to help make good decisions on when to irrigate and how much water to apply.

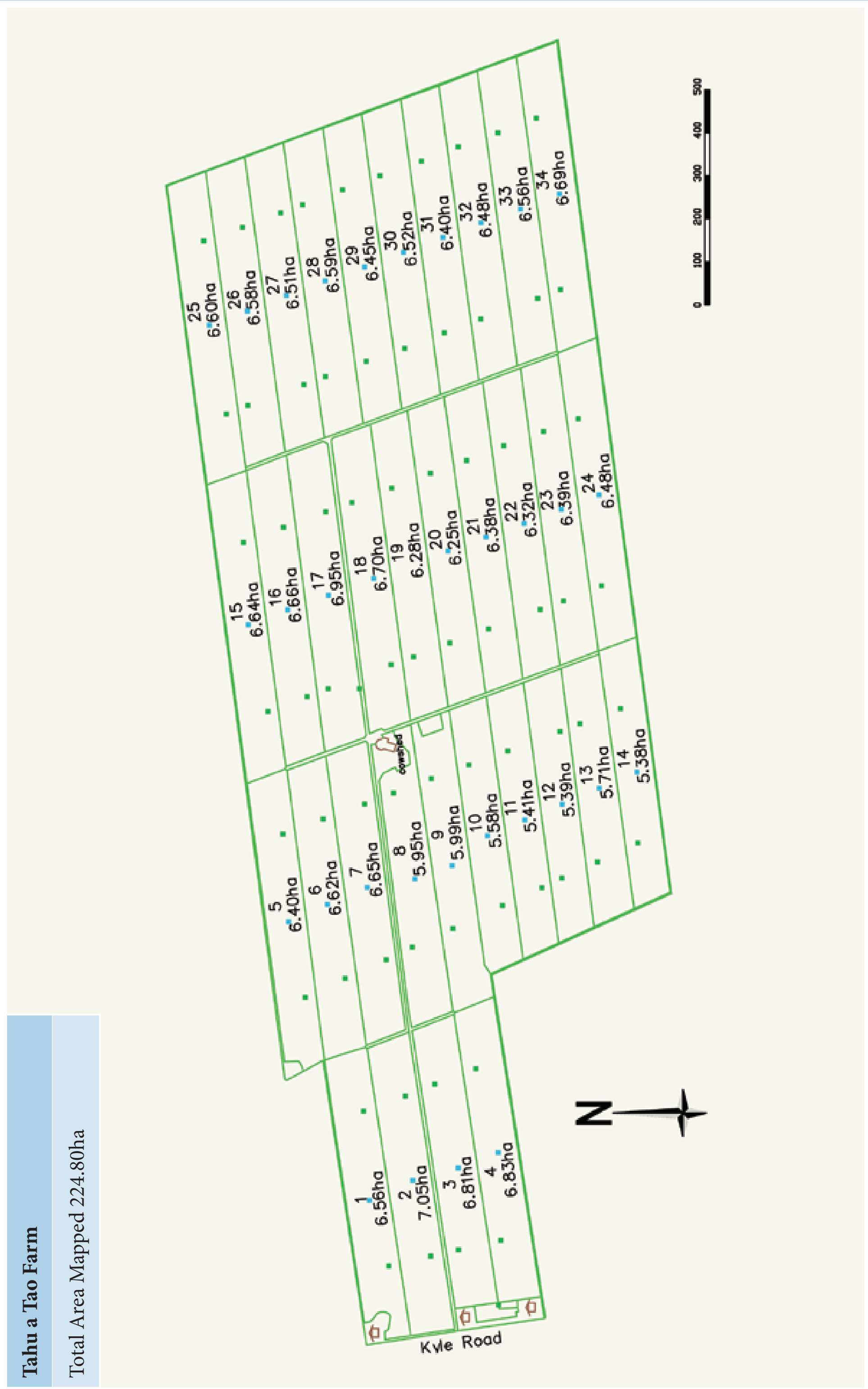
A 1.4km central gravel road gives vehicle access to the milking shed and approx. 3km of cow lanes with course lime cover the 34 paddocks.

The effluent system consists of a silt/stone trap from the shed with concrete storage bunkers to hold silt/solids to dry before spreading on non-effluent farm area. The liquid waste is held in an earth lined storage pond with capacity for 800,000 litres. A recent pond leak test commissioned has shown there to be no significant leakage. The spray dispersal system via buried PVC mains allows effluent spread over a 65ha effluent block.

There are no high priority limiting factors on the farm at present. It may not have all the bells and whistles as some modern farms may do but this is not impacting on the ability to produce quantity or quality of milk.

The Proprietors of Rakaia Incorporation

Farm Map



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, participants will gain:

- Recognition for excellence in the dairy farming industry 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 dairy farming.
- Exposure to practices and approaches of other Māori dairy 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:

A. The efficiency with which the property is farmed relative to its potential.

B. Financial results.

C. 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	20	• Strong leadership • Trustee understanding of the business • Good strategy • Monitoring of strategy • Implementation of strategy
Social/Community/ Ngā Tikanga Māori	15	• Contribution to, and participation in, communities of interest to the organisation; support for local hapū, marae, and wider local community • Governance or management team's ability to include tikanga Māori in aspects of the business • Identification and protection of cultural sites
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
Feed Production	10	• Development and sustainability of soil fertility • Quality of permanent pastures [composition and nutritive value] • Forage crop yields and integrated use • Use of least cost supplements and tactical use of nitrogen • Feed budgeting and grazing plans
Animal Performance	10	• Stock health and welfare • Genetic improvement • Reproductive and growth performance • Supply of products to market specifications • Purchasing and marketing skills
Health & Safety and People Performance	10	• Health and safety plans and implementation • Employment agreements and job specifications • Performance review approach • Training support and career development • Team culture and attitude
Environment/ Sustainability Goals and Strategies	15	• Environmental plans in place • Environmental plans are being implemented • Environmental performance is being monitored and promoted • Biodiversity is being enhanced
TOTAL	100	

About the Judges

The Ahuwhenua Trophy judges play a vital role in the success of the competition. All are very experienced people who are able to accurately assess each farm and provide valuable feedback to those in governance roles and those who are involved in the day to day management of the farms.

The competition has two judging panels. The first round judges have the task of selecting three finalists – in effect the short list. At this point the finalist judges become involved and they have the task of selecting the eventual winner. They attend the field days at each of the farms and the running of these days is a part of the competition criteria. The Ahuwhenua Trophy Management Committee greatly appreciates the support of those sponsors who have made top class agribusiness experts available to judge the event.

Finalist Judges

Dean Nikora – Chief Judge

Having a person with the knowledge and skills of Dean Nikora adds great value to the judging panel. Dean, who is affiliated to Ngāti Maniapoto me Ngāti Tama, has extensive experience in governance, representation and consultancy within the primary sector. He has worked with Fonterra Shareholders Council, AsureQuality and Ballance Agri-Nutrients on a wide range of issues.

Last year he was a member of an elite group of 24 New Zealand primary sector leaders who attended a bootcamp at Stanford University to determine how the agribusiness sector will play its role in the growth of the New Zealand economy. Dean is also a partner in a large dairy farming operation in Central Hawke's Bay.

David Handley

Dave is Client Director Corporate Agribusiness – BNZ. He grew up on a sheep and beef farm in Hawke's Bay and also spent time helping out on friends dairy farms.

He is a qualified chartered accountant and joined BNZ eleven years ago, spending the first six years in rural lending based in Pukekohe. His current role is heading up the Central and Lower North Island region, where he is responsible for assisting with the BNZ's largest Corporate farming clients, most of whom are involved in dairying. He is very familiar with analysis of dairy farming businesses including operational and financial metrics and KPIs.

He was a finalist judge in the 2014 Ahuwhenua Trophy Dairy Awards and is looking forward to being involved in the 2016 Ahuwhenua Trophy competition.

Katrina Knowles

Katrina and Kevin own a 165ha dairy farm in Tariki Central Taranaki which is currently sharemilked by their son Chris and his wife Amy. After working on farm for 30 years Katrina worked in training and development for the Primary ITO and is now Regional Leader for DairyNZ in Taranaki.

Katrina has experience in judging after six years New Zealand Dairy Industry Awards National finals three years of Farm Manager and three years Sharemilker/Equity partner section of the competition.

A passion for seeing young people achieve in the dairy industry leads Katrina into several mentoring and coaching roles where she advocates the value of entering the various Industry competitions as a networking and benchmarking opportunity.

Paul Radich

Paul Radich grew up in Stratford where he still lives, on a farmlet with his family. He has a BA in education and has worked, as an educator, in New Zealand, Japan and England. He spent three years with the Taranaki Regional Council as an environmental educator, before moving to Fonterra as an Area Manager and then Regional Services Manager for the Lower North Island. Since 2010 he has been a Senior Area Manager in North Taranaki.

Paul has a passion for the New Zealand dairy industry and the co-operative approach. He says that being a judge in the 2010 Ahuwhenua Trophy was a highlight of his career and he is very excited to be involved again. "The Ahuwhenua Trophy competition has a great history and it is a privilege to be able to witness and be a part of this showcase of the very best in Māori farming."

First Round Judges

Shay Moon – Lead Judge

Ko Aotea te waka, ko Ruapehu te maunga, ko Whanganui te awa, ko Atihaunui a Pāpārangi te iwi. Ko Pungarehu me Parikino nga Marae. Ko Shay Moon toku ingoa. Tena koutou, tena koutou katoa.

My rural upbringing and career have continuously surrounded me with many family and corporate agricultural operations throughout my life which have developed an on-going perspective for me on New Zealand's agriculture sector.

I currently reside in Taranaki where I am a BNZ Agribusiness Partner and manage a large diverse Agribusiness portfolio of Dairy, Sheep and Beef, Poultry and Arable farming. I have Bachelor of Commerce degree from the University of Otago and Post Graduate AgriCommerce qualification from Massey University.

Recently I spent two months in Europe which has given me a great perspective on how the New Zealand agri-sector can continue to grow positively. I am also a proud alumni of the NZ RYLA 2015 Rotary Youth Leadership course and I am looking to grow myself and others through this special competition.

Ko au te awa, ko te awa ko au.

Paul Bird

Paul Bird has been a farm consultant for 20 years working in NZ, Ireland and the UK. Paul was involved in developing and delivering the DairyNZ Mark and Measure courses that have been running for 10 years. He is currently working as a consultant to DairyNZ on various business related projects including investigating success factors in large multi-unit dairy businesses. He has interests in commercial property and also aims to spend as much time as possible with his wife Anne and their two boys.

Peter Ettema

Peter Ettema has worked for the Ministry for Primary Industries (MPI) and its predecessors since 2005. He has worked in the agricultural sector both in New Zealand and overseas and is currently the manager for the International Environment team within the International Policy Directorate at MPI. Peter has a Bachelor of Agricultural Science and a Masters of Environmental Management. Key areas of his work include climate change, resource and environmental management and extension capability across the primary sector.

Mark Laurence

I was bought up in the Hawke's Bay Town of Wairoa although all of my family is from Taranaki. My iwi is Te Atihaunui a Pāpārangi. Dad has worked in the meat works for all of his career and Mum is a school teacher. Somehow I got involved in dairying after graduating with an Arts Degree in History and Geography from Massey University.

I worked on Dairy farms for three years before becoming a Consulting Officer for what is now DairyNZ in Northland. My wife and I then moved back to the Manawatu where I managed the three Massey University dairy farms and their research operations. I left there to work on a family farming operation where I was the Operations Manager overseeing 2100 cows.

Life has returned to some kind of normality (as normal as possible with two young boys) as for the past 5 1/2 years I have been Fonterra's Area Manager for Northern Manawatu.

Abe Seymour – Competition Kaumātua

Abe Seymour is our Competition Kaumātua, and is part of both the First Round and Finalist judging. Abe affiliates to Ngāti Tūwharetoa, Ngāti Raukawa, Ngāti Kahungunu and Atihaunui a Pāpārangi and is currently a Strategic Relations Adviser providing advice to a number of organisations including the 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 to a number of organisations including the Waiariki Polytechnic.

Notes

Notes

BNZ MĀORI EXCELLENCE IN FARMING AWARD 2016

DAIRY

AHUWHENUA TROPHY

PLATINUM SPONSOR

bnz

Be good with money

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.

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.

Ministry for Primary Industries
Manatū Ahu Matua

The Ministry for Primary Industries is a proud supporter of the Ahuwhenua Trophy, which showcases and celebrates Māori excellence in farming. Māori agribusiness is a growing contributor to New Zealand's economy, and we are committed to partnering with Māori to unlock the potential in New Zealand's regions. We congratulate all entrants for their continued and relentless commitment towards achieving the aspirations of their people and shareholders, and their outstanding accomplishments in farming.

TE TUMU PAEROA
The New Māori Trustee

Te Tumu Paeroa is an independent, professional trustee organisation which protects and grows the land and assets for over 85,000 Māori landowners. We manage 2,000 trusts, companies and joint ventures across 100,000 hectares of Māori land. We support excellence in Māori agribusiness and mobilising Māori land to create this generation's legacy.

DairyNZ

Our purpose is to secure and enhance the profitability, sustainability and competitiveness of New Zealand dairy farming. DairyNZ represents all New Zealand dairy farmers in protecting and advancing their competitive edge on the global market. Demonstrating and delivering value to levy payers is crucial to our continued existence and is the key focus to our work.

Fonterra
Dairy for life

Fonterra is proud to be a long-standing sponsor of the Ahuwhenua Trophy and to celebrate exceptional performance within Māori dairy farming. Fonterra is a global dairy nutrition company, co-operatively-owned by 10,500 New Zealand farmers. We are committed to supporting our Māori farmer shareholders to grow their farm operations and achieve their dairying aspirations, for generations to come.

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