

**WHANGARA FARMS
GENERAL MANAGER'S REPORT
JUNE/JULY 2011**



RICHARD SCHOLEFIELD

STAFF

CLIMATE

STOCK ON HAND

STOCK TRANSACTIONS

SHEEP

CATTLE

DEVELOPMENT

SUMMARY



STAFF:

The team has been busy again this last period with drenching and dipping calves, crutching, shearing and scanning the ewes, marketing lambs, crutching and shearing ewe hags, vaccinating and set stocking the early ewes, weighing, drenching, dipping and marketing trade cattle and dipping and feeding out to the cows.

We have also been busy with repair and maintenance fencing and spraying weeds.

The unit manager's and I attended the Ahuwhenua awards dinner in Rotorua and a group of 9 staff went to the Mystery Creek Fieldday. Both were enjoyed by the staff and were good for team building.

I have attended the first week module of the ISL MBA course with the Institute for Strategic Leadership in Auckland and found it very good. The second module is next week with the final module at the end of August. The time out for this course has put a lot of pressure on me with the current demands of the business but I found it well worthwhile and I am looking forward to implementing some of what I have learnt.

I had a meeting with the five Unit Manager's the week after I got back and discussed some of the things I had learnt and challenged them to look at things more strategically from a manager's view point not just an employee. It was a very positive meeting and is something we will look at continuing on a regular basis.



I am looking to appoint an HR representative to handle all the staff training requirements. I am finding that I haven't got the time to do this justice and feel that it's very important that staff get access to the right training.

We have interviewed a few people for the Shepherd General position at Rototahi/Puatai but haven't found anyone suitable to fill the position. We are still looking and are motivated to get

someone as soon as possible whilst being mindful that it needs to be the right person. We have also advertised for a Tractor General and will be interviewing for that role in early August.

I have sat down one on one with all the staff for their annual reviews. These were positive and gave both sides the opportunity to address some issues.

Looking ahead for the next month we will be vaccinating and set stocking ewes, set stocking cows, drenching ewe hgtts and weaner cattle and carry on feeding out to heifers and steers. We will also be continuing the repair and maintenance and weed spraying program across all the blocks as the weather permits.

CLIMATE:

MAY:

Rainfall – B5 140, Pakarae 150mls, Puatai 120mls, Rototahi 159mls, Tongataha 71mls
This month has been wet but the temperatures have quite warm and pasture growth has been steady.
Pasture covers have held on Whangara 1750kgDM/ha, while on Tongataha they have dropped to 1700kgDM/ha



JUNE:

Rainfall – B5 57mls, Pakarae 82mls, Puatai 80mls, Rototahi 95mls, Tongataha 165mls
Another wet month has seen a lot surface water on our flats with a lot of areas not being able to be grazed and pasture utilization is also low. Temperatures have fallen especially at Tongataha and the fed covers have dropped accordingly.
Pasture covers on Whangara are 1650kgDM/ha and 1600kgDM/ha on Tongataha.

JULY:

This month winter has started to kick in with a few frosts and some cold days. There have been a couple of southerly storms blowing through which has brought more rain to already saturated ground at Whangara. Tongataha has also been wet but with the pumice country it has dried out quicker. Pasture covers have fallen again and our utilization has also dropped, with a lot of stock having to be set stocked.



STOCK ON HAND:

JUNE 1st '11

	WHANGARA	TONGATAHA	TOTAL
<i>SHEEP</i>	<i>30,502</i>	<i>9,360</i>	<i>39,862</i>
<i>CATTLE</i>	<i>4,155</i>	<i>1,371</i>	<i>5,526</i>

JULY 1st '11

	WHANGARA	TONGATAHA	TOTAL
<i>SHEEP</i>	<i>28,339</i>	<i>6,480</i>	<i>34,819</i>
<i>CATTLE</i>	<i>3,958</i>	<i>1,301</i>	<i>5,259</i>

SUMMARY:

There have been nearly 3,000 lamb, 1,000 dry ewes and 400 cattle sales this last period. Most of these sales have been in June and were budgeted for this financial year as well as being influenced by the weather and feed supply.

STOCK TRANSACTIONS: (up to 25th July)

SALES:

Lambs (store sales)	2,932	15kgCwt
MA Ewes	975	23kgCwt
R2yr Heifers	147	195kgCwt
R2yr Bulls	32	260kgCwt
R2yr Bulls (store)	54	400kgsLwt
R2yr Steers	120	265kgCwt
Breeding Bulls	9	380kgCwt
MA Cows	29	190kgCwt
Goats	229	10.7kgCwt

PURCHASES:

Breeding Bulls (7 R2yr Angus and 3 R2yr Simmental) 10



LIVESTOCK:

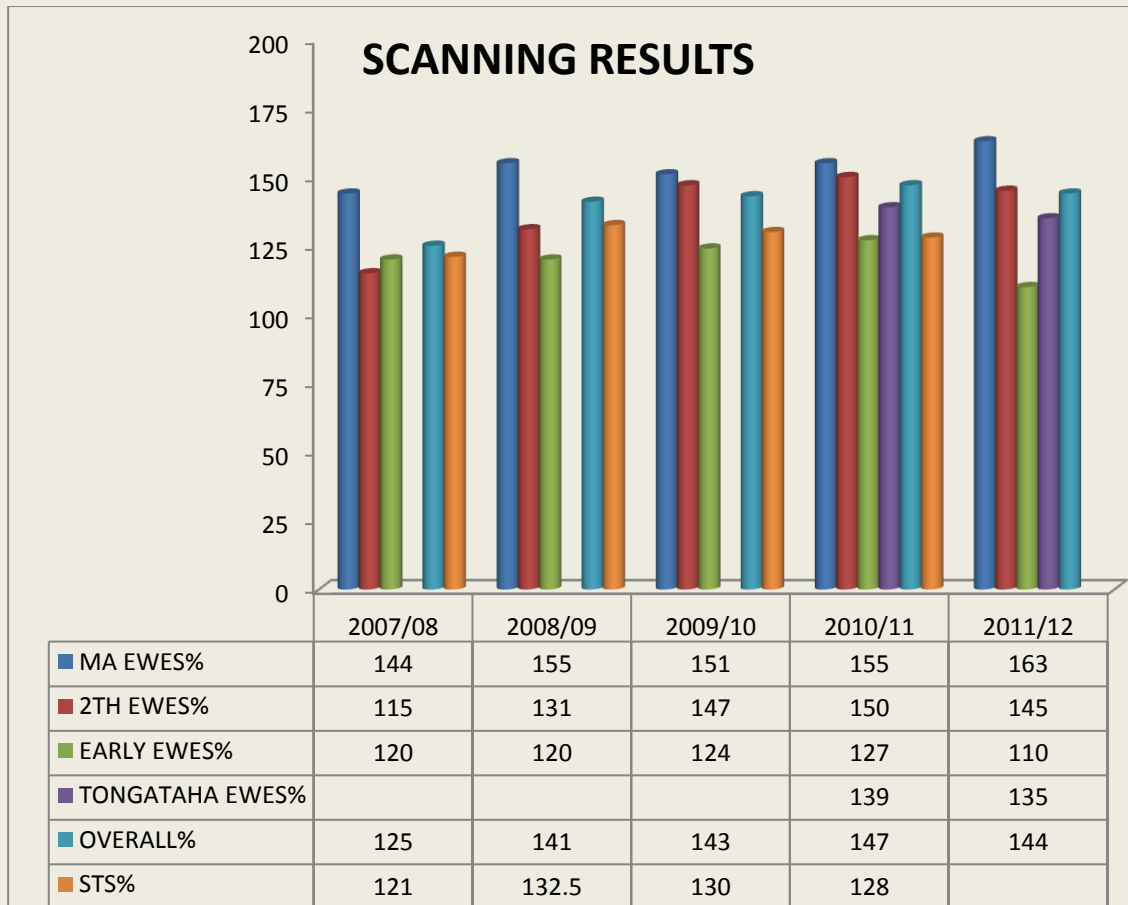
❖ SHEEP

The ewes have all been shorn and scanned with the results below in the graph. In summary we have scanned 3% lower than last year which is not a bad result when you consider the 6,000 early ewes only scanned 110% ,back 17% on last year. The Tongataha ewes were back slightly on last year which reflects the stocking rate and number of lambs we had up there. The issue across all the ewes is a lower multiple rate with the dry rates quite low 4-5% in the 2ths and 2-3% in MA.

The early ewes have been vaccinated and set stocked and they have just started lambing. I have done the analysis on the early lambing ewes vs. lambing/growing out ewe hgts and it stacks up enough for us to try the ewe hgts policy. We are planning to do this next year and run it through for a year and monitor the results.

The condition of all the ewes is good and the main lines of ewes are in single and twin mobs on rotation. The ewes at Whangara may need to be set stocked a bit earlier than planned due to the wet weather and low pasture utilization. All the ewes will be vaccinated and set stocked in early August.

The dry ewes have all been killed 975 23kgs.



The ewe hfts have been shorn, drenched and sorted up with 1500 tail moving down to winter on the Pakarae flats and the balance 5500 have been set stocked on some of the wetter country on B5. They are in good condition but will be tightened up over the next couple of months as winter starts to kick in.



The last of the trade lambs across all the blocks have been sold with only 300 left on Tongataha. These lambs were all sold store 2932 32kgsLwt.

We had planned to finish all our lambs to the works this season but due to the market and lamb growth rates we have sold a lot store. There have also been some management issues with the trade lambs this season but I feel that we have had our stocking rate, especially on Tongataha, too high and we have also had some problems with worm resistance. I have addressed the management issues and will have much closer involvement with the unit manager's next year in regards to the trade lamb management.

We have run drench reduction tests across all the blocks and have identified that we have levels of worm resistance to BZ and Levamisole. We will now have to change our drench family and start using triple combinations this coming season.

We have had a stock audit with all the sheep at Whangara and Tongataha counted. There were no major discrepancies and an overall death and missing of 4.5% which is back from 5% last year. Whangara had a 4.4% death rate and Tongataha 4.6%.



❖ CATTLE

The cows have been dipped and are on rotation on Pakarae and Tongataha, with 340 cows on B5 being fed hay. These will all be set stocked into their calving paddocks in early August but this maybe earlier depending on the weather. The cows at Whangara are in very good condition while the Tongataha cows are a bit lighter than we would like. We are not happy with the cows that we have inherited up there and may look at ways of getting out of them and replacing them with our genetics. This may even involve swapping them with cows from down here to try and get animal that is going to perform better in those conditions.



The weaners are in good order with the heifers ranging from 180-200kgs and the steers/bulls 200-230kgs. Most of the Whangara weaners are now on the B5 block with only the tail end left on Rototahi and Pakarae. We may have to set stock these if the wet weather continues.

We have killed 32 R2yr bulls 260kgsCwt and 120 R2yr steers 265kgCwt.

We have also sold 54 R2yr bulls store from Tongataha 400kgs \$870 and have also moved 132 bulls from Tongataha to Whangara.

The growth rates with the bulls at Tongataha have been disappointing and I think the numbers of lambs we had up there meant we didn't have enough area for them. Another issue was the quality of the feed when we took the property over, with a lot of rank feed, dead matter etc. We have really hammered the farm this year to get on top of this and our pasture quality in the spring will be exceptional. The downside has been a lot lower growth rates in the cattle.

The R2yr bulls and steers at Whangara are in good condition going into the winter. They have been dipped and coppered and are in winter rotations with 200 being fed hay on the sandhills.

The R2yr replacement heifers have been trucked back from Tongataha after being grazed up there for 2 months. They are now being fed hay on the sandhills and will be set stocked into their calving paddocks in August. They are in good condition and we are monitoring them closely to minimise calving issues.

The last of the R2yr trade heifers this season have been killed 147 195kgs.

We have had a stock audit with all the cattle at Whangara and Tongataha counted. There will be no big discrepancies with an overall deaths and missing of 1.9%, which was the same as last year. Tongataha had a 3% death rate and Whangara 1.5%.

DEVELOPMENT:

❖ INFRASTRUCTURE:

Our fencer has been making good progress and has finished subdividing some paddocks at Rototahi. This has created 8 more paddocks which give us more flexibility and ability to control pasture quality. We are now focusing on B5 and will be here for the next couple of months with subdivision and fencing off of drains and waterways. The weather will dictate what progress we make and some may have to wait until the spring. The staff has been continuing the R&M program and has been making good progress.

We have sprayed the blackberry on Rototahi and Puatai but haven't done any anywhere else because we were well over budget. We will focus on B5 and Pakarae next year. We are waiting for the weather to clear and then will begin the thistle spraying program with the helicopter across all the Whangara blocks. I have increased the weed budget to \$100,000 this year and will be focusing across all the blocks but in particular B5.



SUMMARY:

The last couple of months have been challenging with winter starting to kick in and feed covers falling. The wet weather has also affected our pasture utilization especially on the flats and may result in having to set stock ewes and cows earlier than planned. We may also have to set stock trade cattle as well, to minimize the damage to the flats.

Stock condition is still good across all the blocks although the cattle condition at Tongataha is lighter than where we would like it. The ewes scanned reasonably well and we are only 3% behind last year's result due to the poor performance of the early ewe's. We have sold all the budgeted trade cattle and lambs and have utilized the store market, as stock weights were below optimum and the market was strong.



The sheep markets look as though they will continue to be strong with demand for lambs driving the winter/spring schedule towards \$8/kg. There has been some recent talking down of next season's lamb schedule due to the exchange rate but with the low scanning results throughout the north island supply of lambs will be tight and competition between processors could keep that schedule up.

The cattle market remains pretty stable but this could also be affected by the exchange rate and there maybe some downward pressure next season.

We have not replaced any staff yet which has put a bit pressure on, but everybody is working well together and filling the gaps where necessary. We are still actively looking for staff but feel that it is extremely important to get the right person for each position. I have had a good strategic meeting with the Unit Managers and have put a lot emphasis on their performance and the performance of their units.

I have had performance and salary reviews with all the staff and have addressed a lot of issues with them and they have also had the opportunity to bring up any issues or concerns they may have. The staff are definitely more positive and happy in their work than what they have been over the last few years and are all looking forward to the coming year.

I have spoken to Gisborne District Council in regards to the Overlay 3A sites identified on B5, Pakarae and Puatai. They have extended the July 1 deadline until next year and I have a meeting with Kerry Hudson in early August to discuss the sites and begin a programme to be compliant with the Council.

Overall Whangara Farms is in a good position moving forward and we should be able to maximize our returns with the outlook for sheep and beef prices being very good.

