

**WHANGARA FARMS
GENERAL MANAGER'S REPORT
AUGUST/SEPTEMBER 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 vaccinating and set stocking ewes and cows, drenching weaners, docking the early ewes and feeding out to the cows, heifers and steers. We have also been very busy with repair and maintenance fencing, yards, buildings and spraying weeds.

I have completed the ISL MBA course with the Institute for Strategic Leadership in Auckland. 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 very worthwhile and have already started to implement some of what I have learnt. We now are having monthly strategic meetings with the five Unit Manager's focusing on their unit's and the whole Whangara Farms "big picture". These are very positive meetings and are essential for the business moving forward.

We have appointed a new Tractor General, Steve Hooper from Tolaga Bay has started this week. Steve has a lot experience with tractors having worked as a tractor driver at Mangaheia Station for 7 years and has also been a fencing contractor for 4 years.

We are interviewing people this week for the Senior Shepherd's position at B5 and also for the Shepherd General position at Rototahi/Puatai. We are motivated to get someone as soon as possible whilst being mindful that it needs to be the right person. I am confident that we can fill these positions from the current applicants.



Brendan and Charlie, two of our Junior Shepherds have both decided to move on to other opportunities. We are assessing their roles and what is the best way forward, which may include consolidating the two positions into one and appointing an older shepherd general based at Pakarae but working on B5.

Looking ahead for the next month we will be drenching ewe hgt's, weaner and R2yr trade cattle and start docking the main mobs of ewes.

We will also be continuing the repair and maintenance and weed spraying program across all the blocks.

CLIMATE:

JULY:

Rainfall – B5 125mls, Pakarae 130mls, Puatai 141mls, Rototahi 159mls, Tongataha 162mls

This month winter has started to kick in with frosts and some very 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 earlier than planned.

Pasture covers have fallen on Whangara 1450kgDM/ha and Tongataha 1350kgDM/ha.

AUGUST:

Rainfall – B5 119mls, Pakarae 125mls, Puatai 126mls, Rototahi 141mls, Tongataha 162mls

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 with a major snow fall leaving 6 inches of snow on the ground for 3-4 days. Whangara temperatures in the later part of the month have increased with some warm sunny days driving up the soil temperatures.

Pasture covers on Whangara have held at 1400kgDM/ha, while on Tongataha they have fallen again to 1150kgDM/ha.



SEPTEMBER:

This month has signaled the start of spring with warm sunny days both at Whangara and Tongataha. Pasture growth rates have increased at Whangara with feed covers lifting while they have held on Tongataha.

STOCK ON HAND:

AUGUST 1st '11

	WHANGARA	TONGATAHA	TOTAL
<i>SHEEP</i>	<i>28,217</i>	<i>6,128</i>	<i>34,345</i>
<i>CATTLE</i>	<i>4,007</i>	<i>1,107</i>	<i>5,114</i>

SEPTEMBER 1st '11

	WHANGARA	TONGATAHA	TOTAL
<i>SHEEP</i>	<i>28,166</i>	<i>5,856</i>	<i>34,022</i>
<i>CATTLE</i>	<i>4,005</i>	<i>1,099</i>	<i>5,104</i>

SUMMARY:

There haven't been many sales this period, just some dry ewes from Tongataha and a few deaths which have kept our tallies pretty stable. The dry ewe sales have happened in September so will show in next report.

STOCK TRANSACTIONS: (up to 15th September)

SALES:

Lambs	253	16.1kgCwt
MA Ewes	749	23.4kgCwt

PURCHASES:

MA ewes and lambs	333
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LIVESTOCK:

❖ SHEEP

The early ewes have been docked, 4500 lambs at 90% and the wet/dry ewes have been taken out and sold 749 23.4kgs. The ewes were a bit light so we drenched them all and they have picked up well. The lambs are doing really well and blooming with the spring conditions and with feed covers lifting. We have purchased 137 ewes and 196 lambs to help make up for the increased number of dry ewes and the poorer lambing. There is an opportunity to buy up 400 more but this will depend on price and availability.



The main mobs of ewes at Whangara and Tongataha have all been vaccinated and set stocked, with the Whangara ewes 75% through lambing and the Tongataha ewes 25% through. The survival rate has been good with the weather conditions excellent and we hadn't started lambing when the bad snow storm blew through.

We have flown on 40 ton of urea onto B5 and 50 ton onto Tongataha to ensure we feed the ewes as well as we can throughout lambing

The ewe hgt's have been set stocked on B5 and the Pakarae flats. They have been tightened up a bit as the weather got wet and utilization dropped, but this was planned as they are a buffer in the system. The main mob on B5 has been boxed together and is now rotating around their area. They will be sorted and drenched this week and we will be trying to feed them as well as we can moving forward. The tail end at Pakarae will also be drenched and rotated around the flats.

The last of the trade lambs across the blocks have been sold, 253 16.1kgsCwt.

❖ CATTLE

The cows at Whangara and Tongataha have all been set stocked, with the Whangara cows just starting to calve now. Tongataha will be a month behind them.

The cows are in good order with all the lighter ones taken out and given priority.

The in calf R2yr heifers have also been set stocked and have started calving. They have been managed well through the winter and are in excellent order going into calving.

The weaners are in good order with the heifers ranging from 220-250kgs and the steers/bulls 240-280kgs. Most of the Whangara weaners are now on the B5 block with only the tail end left on Rototahi and Pakarae. We had to set stock these for 6 weeks as it got too wet. They have been mobbed up now and will be sorted up and drenched next week.



The R2yr bulls and steers have come through the winter well, they will all get a spring drench and sort up later this week. We have flown 30 ton of urea onto Puatai to boost the pasture covers and ensure we maintain the condition on the bulls. We are still grazing 200 steers on the Sand hills waiting for the flats to take off.

We have trucked another 132 bulls from Tongataha to Whangara. The bulls have really suffered through the winter up there and the snow was the final straw. We have had a few deaths so decided to move them down here where the feed covers are a lot better.

I am in the process of reviewing the current system at Tongataha and we will be looking at moving away from the bull system until we get some more infrastructure in place ie. water system and subdivision.

We will look to replace the bulls with ewes, which on current prices will be more profitable, and continue to run 350 cows and R1yr cattle.

DEVELOPMENT:

❖ INFRASTRUCTURE:

Our fencer has been making good progress and has nearly finished subdividing paddocks and fencing off some drains etc. on B5. This has created 7 more paddocks which give us more flexibility and ability to control pasture quality. We have also subdivided some paddocks on the Koau lease block as we have been under utilizing it with the current level of subdivision. We have also put the water system across there. These capital improvements can be removed should the lease not be renewed in the future.

The weather has slowed progress a bit but overall I am really with what we have achieved in the last couple of months. The staff has been continuing the R&M program and has also been making good progress.

We have begun the thistle spraying program with the helicopter across all the Whangara blocks. We have had a good kill and now only have Rototahi and a little bit of B5 left to do. We may have to re spray some areas depending on the new growth but overall I am really happy with the result.



SUMMARY:

The last couple of months were challenging with winter kicking in, feed covers falling and stock having to be pushed. The wet weather also affected our pasture utilization especially on the flats and resulted in having to set stock ewes and cows earlier than planned. We had to also set stock trade cattle as well, to minimize the pugging damage. The snow at Tongataha was also a challenge and really knocked some of the cattle around.

The last few weeks have been the complete opposite with warm sunny weather perfect for lambing and calving and great for pasture growth.

Stock condition is good across all the blocks although the cattle condition at Tongataha is lighter than where we would like it and we have had to move bulls down to Whangara. The ewes are lambing well with good survival and the cows and heifers are all in good order moving into calving.



The sheep markets look as though they will continue to be strong with demand for lambs driving the spring schedule over \$8/kg. The exchange rate is having an effect on the short term predications for lamb with the new season schedule predicted to be around \$8/kg and then falling throughout the season to \$6.50-\$7/kg. This could mean a reduction in the average lamb price by \$5/head on this season. There will however be a lot of competition for lambs again this season and supply could be tight which could keep the 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, although predications are that this won't be significant.

There appears to be still strong global demand for red meat protein and this will drive increased returns for our sheep and cattle in the short to medium term.

We have appointed a Tractor General and we are conducting interviews this week for a senior shepherd and shepherd general, and I am very confident that these positions will be filled. Unfortunately two of our junior shepherds have decided to move on to other opportunities which will put some pressure on over docking, however this will be reduced by the use of casual staff. We will assess whether these positions will be replaced, with the option of appointing an older shepherd general to cover these roles. We are still actively looking for staff but feel that it is extremely important to get the right person for each position. I now have monthly strategic meetings with the Unit Managers and have continued to put a lot emphasis on their performance and the performance of their units.

I have had a meeting with Kerry Hudson from GDC to discuss the Overlay 3A sites. It was very wet at the time and unfortunately couldn't get out on the farm and view these sites first hand but we had a good discussion about each one. I outlined what I proposed to do with each site and from a GDC point of view Kerry was happy with these, but will need to visit again when it is dry and lambing is out of the way to formally sign these plans off.



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. I am looking forward to the AGM in October and presenting to the shareholders an exceptional end of year result and a vision for Whangara Farms moving forward.