



Westpac Bayleys Marlborough Sheep and Beef Farmer of the Year

2016

Public Field Day
16 February 2017

Welcome to the Public Field Day at winners
Simon, Lynda and Tom Harvey's
Glen Orkney

Making a top profit on Marlborough Hill Country
with Sheep & Beef



Contents

Introduction	3
Key Elements to Success	4
Background Information	5
Land Resources	6
Livestock Policies	10
Animal Performance	13
Financial Performance	16
Feed budget	20
Judges' Comments	22
Sponsors	27
Marlborough Sheep & Beef Farmer of the Year trust	28
2017 Competition	29
Notes	29

Introduction

On behalf of Simon, Lynda and Tom and the Marlborough Sheep & Beef Farmer of the Year Trust welcome to our inaugural Public Field day.

The objective of this field day is to highlight the business success factors of our competition winners. Through sharing the philosophies, operating systems and management programme employed by the Harvey's, it is our desire that the wider farming community will benefit from this insight.

Marlborough Sheep & Beef Farmer of the Year Trust committee

- Chris Dawkins, Farmer, Chairman
- Malcolm Taylor, Farmer
- Richard Gorman, Farmer
- Richard Borrell, Westpac Bank, Naming Rights Sponsor Representative
- Peter Anderson, Stock Care Consultant
- Lachie Grant, LandVision, Land Management Consultant
- Greg Sheppard, Sheppard Agriculture, Farm Management Consultant
- Sarah O'Connell, Beef+Lamb New Zealand, Extension Manager

Publicity Manager

- Jo Grigg, Tempello, Farmer

Facilitator

- Greg Sheppard, Farm Management Consultant, Sheppard Agriculture Ltd

HEALTH & SAFETY at WORK ACT, (2015)

The Harvey's wish to point out to all visitors to this property to take extreme care when travelling over the property in vehicles, moving around yards and facilities and in handling stock.

The farm Tour will be conducted using 4 wheel drive vehicles only. Passengers must not travel on the back of vehicles.

All practicable steps have been taken to ensure your visit to the property is a safe and enjoyable one.



Key Elements of Success

- Consistently strong financial performance (summary below)
- Keeping it simple and doing the basics right (weekly, monthly and annual planner)
- Operating as a team
 - Recognising the strengths within the team and building on these
- Challenging the status quo and using technology effectively
- Encourage and practice loyalty
- Work with reputable brands and implementing best management practice
- Development of a robust legume based system
- Operate with an attitude of land custodians and by looking after the land the land will look after the business
- Since purchasing Stronsay 4 years ago
 - \$575,000 of debt has been repaid
 - Capital purchases have included a farm Ute, side by side, \$30,000 invested into breeding programme, \$33,000 spent on development
 - In 2017 the surplus is expected to be \$200,000 for tax, debt repayment and capital investment

Financial Summary:

3 year Weighted Ave	
GFI \$/ha	\$ 417.90
GFI \$/su	\$ 110.62
FWE \$/ha	\$ 184.15
FWE \$/su	\$ 48.89
FWE/GFI %	44.08%
EBITR \$/ha	\$ 233.98
EBITR \$/su	\$ 61.53
EFS \$/ha	\$ 207.30
EFS \$/su	\$ 54.74
EFS/GFI %	49.57%
TIC	2.70
ROC	5.43%



Background Information

Strategic Business Plan

"To sustainably maximise net income by producing top quality products in a transparent and accountable way while constantly reviewing and improving management practices."

"We recognise that owning land is a privilege and a responsibility and as the source of our health and wealth must be cared for."

"To produce and sell Merino wool and meat, Angus meat, forestry and provide a special experience for tourists while protecting and where possible enhancing our natural resources."

This will be achieved by:

- Doing the simple things well
- Building a good, honest and credible reputation with buyers and in the community
- Working as a team and making the best use of our individual strengths
- Embracing relevant technology
- Having built in flexibility – to respond to market and climatic variability
- Using detailed weekly and monthly task and event planners (including animal health diary) to ensure things are done when they should be
- Continued learning through attending field days, discussion groups and reading

Business and Property Description:

The land and buildings are owned by the Glen Orkney Family Trust and leased to Glen Orkney Ltd. Simon, Lynda and Tom are equal Shareholders in the farming company.

The farm business is comprised of 1931 ha in 5 blocks:

Cultivable land	150 ha (Area in Lucerne 26 ha)
Better Hill Country	700 ha
High Hill Country	800 ha
Plantation Forestry	44 ha
Non pastoral land	237 ha

It has been calculated that 1608 ha is effective grazing land.

The topography ranges from flat/rolling to high country, some of which is over 1000 m above sea level. Rainfall averages 700 mm with significant variation from year to year.

The climate is typical of the area being cold in winter and hot and dry in summer. As such the pasture growing season is relatively short limiting the possible range of livestock systems able to be farmed.

The farming system is described as "breeding and some finishing" by Simon with lambs sold store and prime.

Farm Management Goals

The objectives of Glen Orkney for animal production and farm management are to:

- Operate a sheep & beef unit that is financially, environmentally and socially sustainable
- Keep the animal production system profitable but within the capability of the land with negligible environmental impact
- Run a genetically superior Merino flock aimed at producing high quality fine merino wool for the top end of the market in conjunction with supplying the prime market with terminal Poll Dorset lambs
- Implement a flexible cattle breeding policy using suitable Angus bloodstock to maximise beef production and improve pasture quality for the sheep enterprise
- Optimise pastoral production through improved soil fertility, reseeding, and careful stock management
- Improve soil fertility levels to within the economic optimum for the property, and as close to the biological optimum as is financially feasible
- Reduce chemical use on stock by breeding animals resilient to health challenges

Land Resources

- The parent rock material consists predominantly of greywacke some of which is mantled in loess. A portion of the low hills and downs at the northern end of the property, aligned with the Medway River, are formed on fritted mudstone and conglomerate and these are predominantly mantled in loess also. The low terraces immediately adjacent to the Medway River are formed from alluvium.
- Eight soil types were identified on the property formed from the underlying rock and these fall into three general categories: alluvial soils formed on the flats, hill soils formed on loess, and hill soils formed on greywacke.
- The total area of the property is 1931.0 ha of which approximately 3% is flat to undulating, 6% is rolling to strongly rolling, 69% is moderately steep hill, and 22% is steep hill.
- The vegetative cover currently comprises of 1,664.0 ha of effective pasture. A further 177.2 ha consist of exposed rock faces and scree with intermittent pasture and tussock between. Approximately 42.7 ha are in native bush or mixed scrub species, predominantly Manuka or Kanuka, and 43.6 ha are in production forestry or woodlots. The remaining 2.7 ha are made up of dwellings, yards and utility areas.
- Erosion occurring on Glen Orkney ranges from slight to severe with sheet, soil slip, scree, earthflow and gully erosion occurring on the front loess country. Scree, sheet and soil slip are the dominant erosion types found on the steeper greywacke hill country to the south while soil slip is the prominent



type found on the sedimentary hill country. There is also evidence of tunnel gully erosion occurring in the past on some of the loess slopes. Some of these channels have collapsed to form gully erosion.

Land Use Capability Assessment

Nine different land use capability units were identified as part of the land resource survey and the extent of these are summarised in the following table. A map and detailed descriptions of the units are included in the handout.

LUC Class	Area (ha)	%	LUC Unit	Area (ha)	%
Class III	61.4	3.2	IIIe3	25.6	1.3
			IIIs2	35.8	1.9
Class IV	88.2	4.6	IVe4	39.7	2.1
			IVe6	48.5	2.5
Class VI	1262.6	65.4	VIe12	1109.4	57.5
			VIe16	153.2	7.9
Class VII	341.5	17.7	VIIe13	64.6	3.3
			VIIe14	276.9	14.3
Class VIII	177.2	9.2	VIIIe11	177.2	9.2
Total	1931.0	100		1931.0 ha	100

Overall this table is showing that 8% of this property is flat to gently rolling LUC classes III and IV while 83% is moderately steep to steep LUC classes VI and VII land. The remaining 9% is LUC class VIII cliffs or rocky mountainous areas

A number of good management practises are being undertaken on Glen Orkney including a significant emphasis into producing and retaining high quality pasture swards on the hill country. With the increase of significant droughts in Marlborough in recent years, the Harvey's have focused on establishing pastures using drought tolerant legume species such as Subterranean and Caucasian clover.



Considerable effort is put into preventing over-grazing throughout the summer period to aid soil moisture retention and reduce the occurrence of sheet erosion. The low stocking rate, and flexible cattle policy reflects this objective. The substantial use of nitrogen-fixing clover along with Lucerne crops in recent years also, effectively omits the need for nitrogen fertiliser applications, thus reducing the potential risk of farm nitrogen loss.

Minimum tillage techniques are used wherever feasible to minimise soil loss through wind and sheet erosion and to retain soil organic matter.

Glen Orkney also has approximately 15 ha of stock excluded native vegetation stands with QEII Covenants in place.

On productive farmland a considerable effort has been invested into eradication of weed species such as Old Man's Beard, Matagouri and Tauhinu, as well as ongoing control of pests such as rabbits, possums and goats.

Protecting areas of ecological significance has been made a priority for the Harvey's in the past. These biodiversity and aesthetic attributes are further valued through the establishment of a tourism enterprise run on the property for tamper's. The property has a well-marked network of walking tracks throughout the farm, along with several huts and shelters, which form the basis of a farm-walks tourism operation. In addition approximately 44 ha of forestry have been established on land considered marginal for pastoral farming.

The following table shows recent soil test results recorded on the property:

Block	pH	Olsen P	QT K	SO ₃ S / Org S	QT Ca	QT Mg	QT Na
July 2016							
Clover Flat	6.5	19	19	21	13	20	4
Airstrip	6.3	31	17	17	10	19	5
Hamilton Flat	6.6	32	16	19	13	23	4
Cattle Flat	6.4	30	10	17	11	22	5
Fat-hen	5.9	25	8	5	10	33	8
August 2015							
Clover Ridges	5.6	12	8	12	9	34	5
Stronsay past gorge	5.4	13	13	6	10	45	4
July 2015							
Front Dam Strip	5.6	11	11	8 / 8	10	47	9
Brown Lead	5.6	10	8	5 / 11	9	37	8

Historically the farm has received approximately 1.5 kg P/su with biennial fertiliser applications of Sulphur Super 20 being applied in the autumn. In 2016 the maintenance fertiliser regime changed to August applications with the intention of reducing sulphate losses through winter through runoff and leaching.

Recently, emphasis has also been placed on improving the Subterranean clover content in the pasture sward on approximately 185 ha of the better class middle

country. Further investment in capital fertiliser will be made across the middle country as the success of this programme is realised.

A capital application of Superphosphate was applied to this area in spring 2016 with the aim of lifting the Olsen P levels closer to Olsen P 15 – 18.

Nitrogen is used from time to time in early spring to boost lambing covers when pasture growth is slowed due unusual climate conditions.

The following table outlines the fertiliser regime for the farm over the last year:

Fertiliser Block	Approximate Area (ha)	Fertiliser 2015/16	Applied	Rate (kg/ha)	N	P	K	S	Ca
Flats	60 ha	Maintenance: Sulphur Super 20	August	125 kg/ha	0	10	0	26	
	40 ha	Urea	Spring	50 kg/ha	23	0	0	0	0
Stronsay Targeted middle country	185 ha	Maintenance plus capital: Superphosphate	August	400 kg/ha	0	36	0	44	80
Front & middle hill country	500 ha	Maintenance: Sulphur Super 20	August	125 kg/ha	0	10	0	26	22
Steeper hill country	440 ha	Maintenance: Sulphur Super 20	August	75 kg/ha	0	6	0	15	14
Remaining Stronsay country	569 ha	Applied biannually at 100 – 180kg/ha of Sulphur Super depending on contour							
Non-productive areas	177 ha	Nil							



Livestock Policies

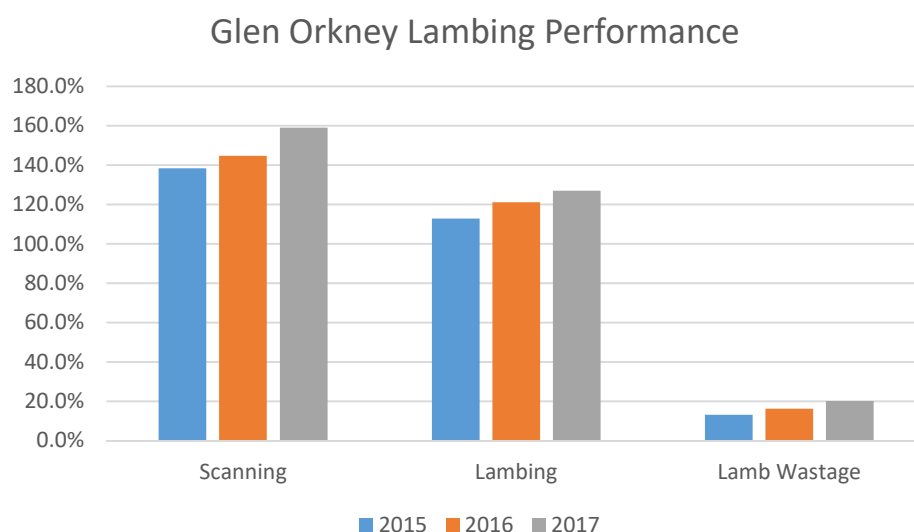
Sheep

- A flock of 3300 - 3500 Merino ewes plus 950 replacement ewe hogget's is maintained on the property.
- Up to 700 sale whether/ram lambs are wintered, (some on vineyards)
- The breeding and management focus of the Merino flock is that of a shift towards higher reproduction, better lamb growth rate and improved carcass conformation.
- 45% of the ewes are mated to terminal sire rams to help improve flexibility with lambs saleable prior to Christmas
- Lambing performance over the past 2 years has been 121 and 126% respectively

Reproductive performance summary:

5 year Average	Scanning %	Lambing %
Terminal Sire	145%	120%
Merino	135%	110%

Note: Merino bred ewes are lambed on the higher and harder country.



A small stud is maintained with a focus on survival and growth rate. The Australian database "Merino Select" is used to performance record the stud which is mainly used for breeding on farm.

- Rams have been bred for 15 years
- Selecting for a robust, polled, dual purpose, fine wool sheep
- Aim is to maintain current wool production traits while improving lamb survival, growth rate and 'doing' and foraging ability
- To achieve these aims we are measuring and recording then submitting raw data to Sheep Genetics Australia. SGA generate EBV's for fleece weight, CV and micron,



number of lambs weaned, yearling weight, dag scores and worm egg counts, carcass muscling and fat depth

- Animals also need to pass strict visual selection criteria
- We are shareholders in a group breeding scheme which has similar objectives to our own including resistance to foot rot, which we plan to select for once an effective test is available. We are currently foot rot free
- Weaning commences in mid-December with the Terminal Sire ewes and lambs
- Of the Terminal Sired lambs 30 – 60 % (depending on the season) are drafted prime at weaning at 16.5 – 17.5 kgCwt. The aim at weaning for these lambs is:
 - 30% - 60% sold prime at 16.5 – 17.5 kgCwt
 - The middle line of lambs are sold store (approximately 30 kgLwt)
 - 10% tail end are retained and sold over summer
- Merino bred lambs are weaned from early January though till mid-February (depending on season and rearing rank) at an average of 26 – 27 kgLwt
- Twin born lambs are weaned first and approximately 50% of the wether lambs are sold store in February

Cattle

The cattle policy and management is primarily driven to maintain pasture quality for sheep because historically, return from sheep has been well ahead

- The average return for sheep in the last 3 years is \$120/su and for cattle \$58/su on Glen Orkney

Young trading cattle are readily saleable at any time, providing a valuable buffer in difficult seasons

- Angus cattle are farmed because they have a moderate frame, are agile on steep country and sell well

Bulls are sourced locally with an emphasis on:

- Structural soundness
- Dam fertility
- Fat
- Eye muscle
- Fast growth to a moderate mature weight

140 – 150 Angus cows plus replacements are maintained on the farm:

- Heifers are mated as 2 year olds (first calving as R3yr)
- Calving performance of 93% was recorded this season but is generally around 90% (calving from 20 September)
- Calves are weaned in late April with 50% of steer calves sold
- Typically calves weigh 230 – 240 kg Lwt at weaning
- Steers and surplus heifers are sold at various stages depending on feed supply



SOUTH PACIFIC MEATS

Livestock Reconciliation

Stock Class	June 2014	June 2015	June 2016
MA Ewes	3520	3320	3285
Ewe Hogget's	950	890	950
Wether Hogget's	510	485	300
Stud ram hogget's	150	150	150
Rams	60	55	60
Sheep Stock Units	4807	4431	4358
MA Cows	148	148	135
R2 yr Hfrs	80	26	24
R1 yr Hfrs	74	60	56
R1 yr Strs	36	41	33
R2yr Strs	3	0	0
Breeding Bulls	5	5	5
Cattle Stock Units	1817	1473	1340
Total Stock Units	6624	5904	5698
Stocking rate su/ha	4.0	4.0	3.9
Sheep:Cattle	73:27	75:25	76:24

Forage Cropping 2016

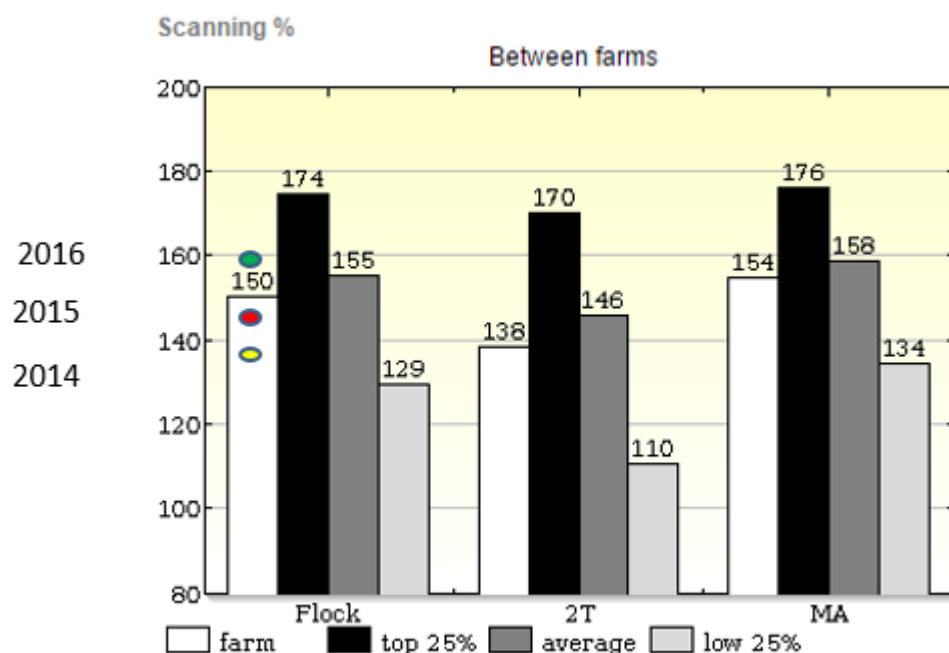
- 26 ha of Lucerne
- 11 ha of Plantain and Clover
- 5 ha was sown into permanent pasture in the autumn
 - Barenno Brome
 - Savvy Cocksfoot
 - Plantain
 - Sub Clover
 - Chicory

The total area that could be cropped is estimated to be 150 ha.



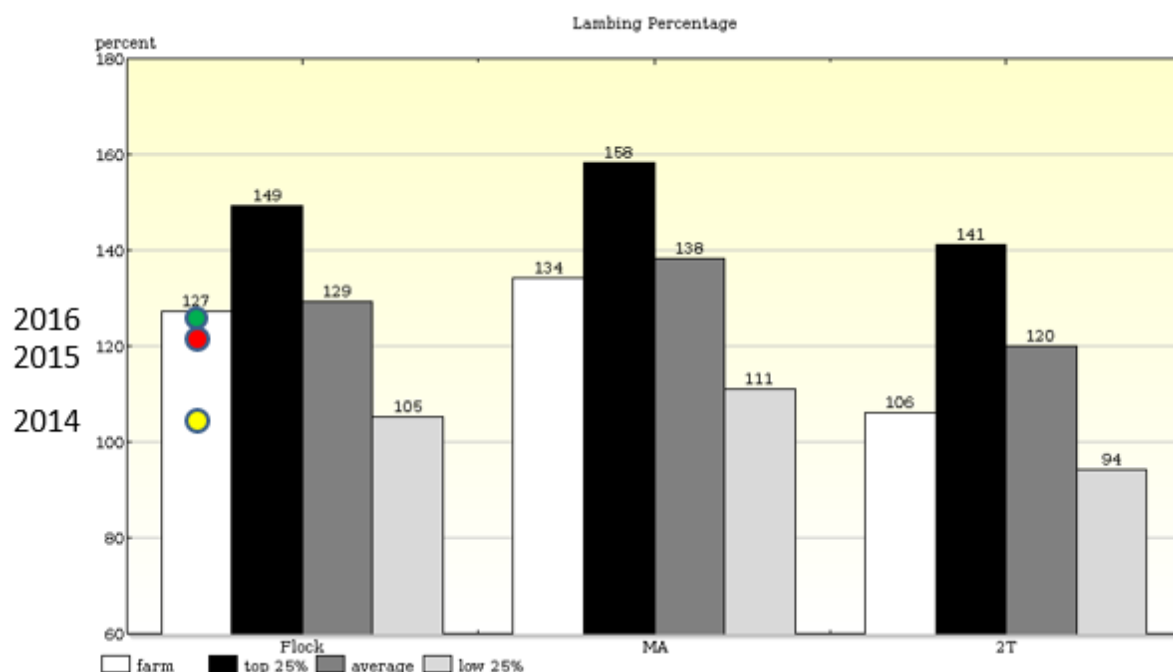
Animal Performance

Sheep Scanning Performance



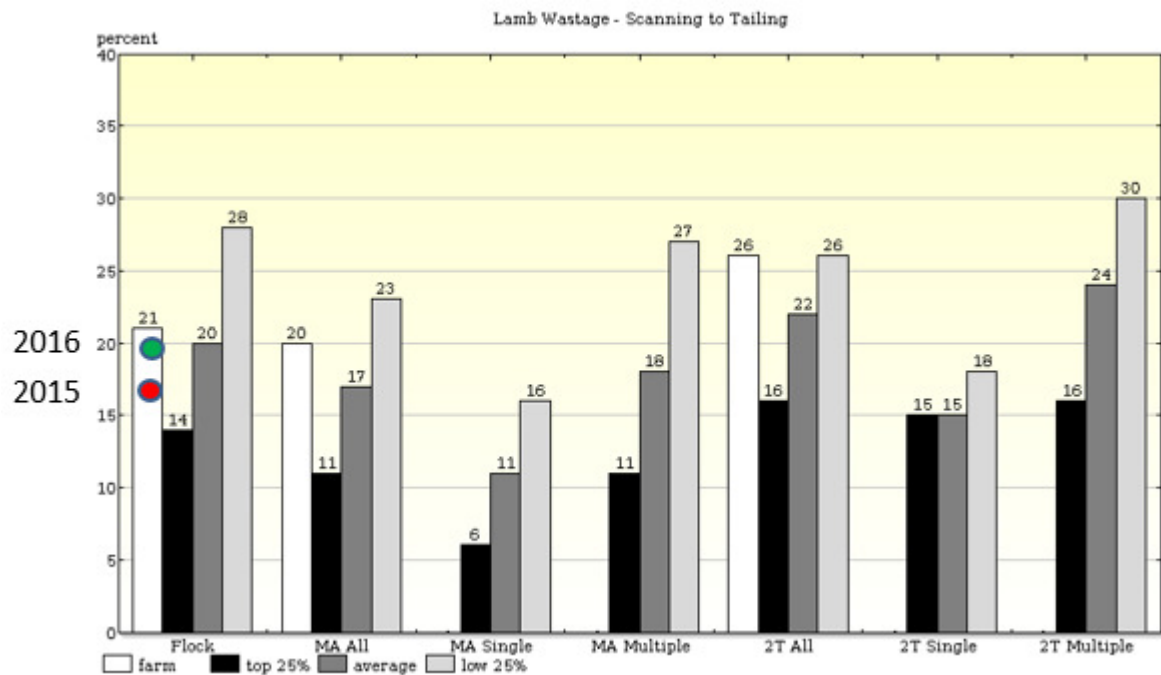
This graph demonstrates that over the last 3 years the scanning % for Glen Orkney has steadily improved to where in 2016 at 159% was higher than the average of all StockCARE properties (155% - all breeds). White bar is the performance of the top Merino property in the StockCARE database.

Lambing Performance



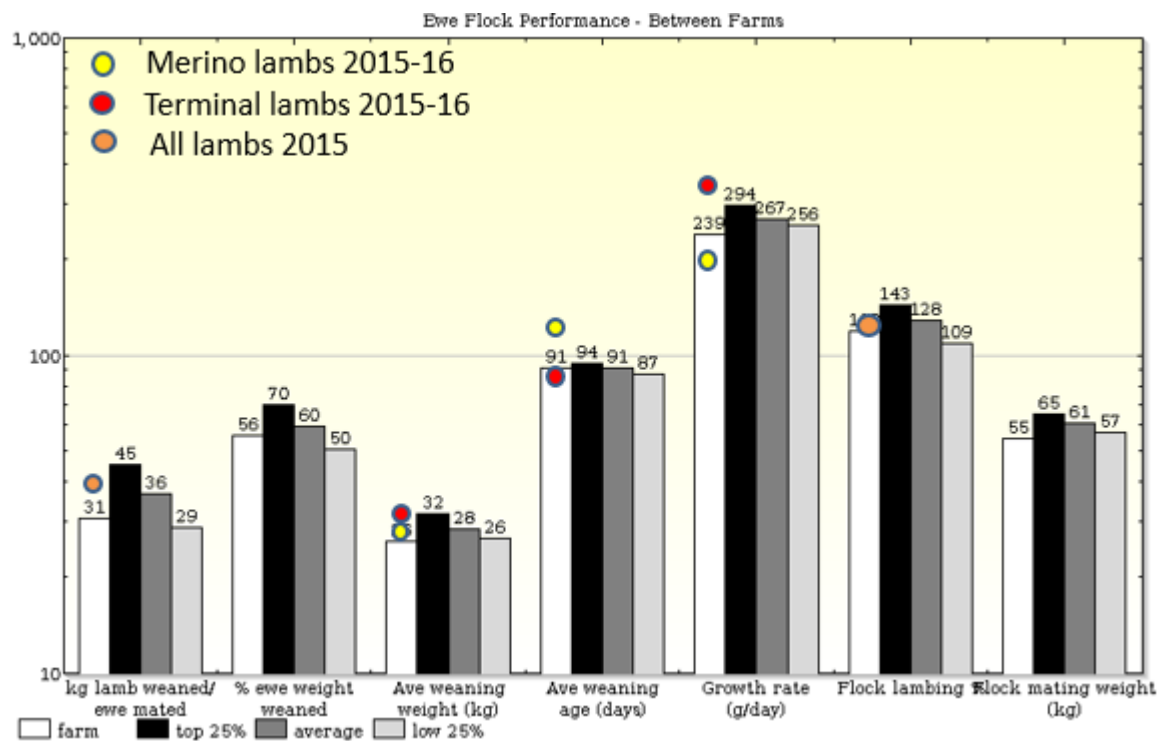
In 2016 the overall lambing % of 126% was as high as any Merino property in the StockCARE database.

Percent Lamb Loss



Lamb survival for Glen Orkney in 2015 was exceptional for a Merino property.

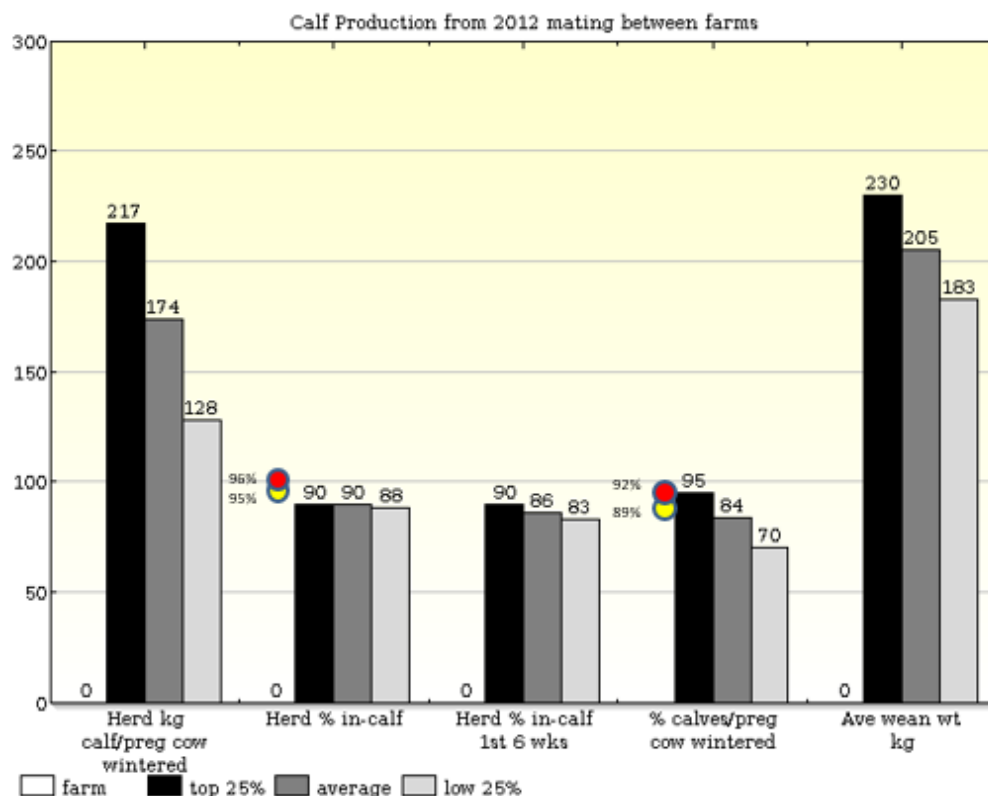
Ewe Flock Performance - Merino



While the Glen Orkney lambing % was high the growth rate of the Merino lambs was below average while the Terminal lambs was very high. Some work needs to be done to determine the actual contributing factors for this and what remedial action

needs to be put in place to improve the Merino lamb growth rates between tailing and weaning. Average Kg lamb weaned/ewe mated is very good for a Merino property.

Calf Production 2015 – 2016



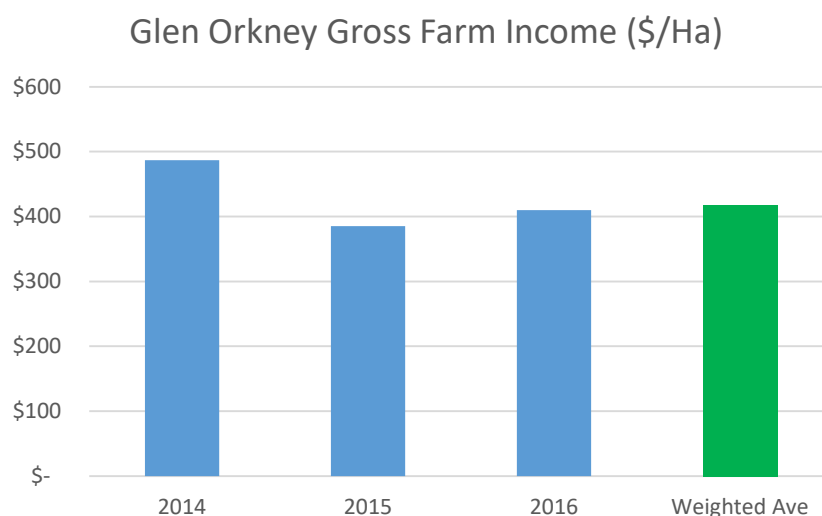
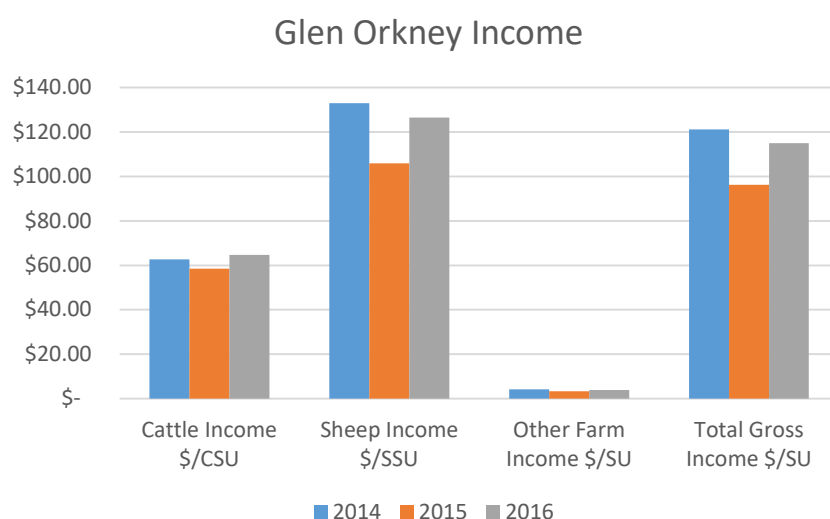
For the last 2 years the pregnancy rate in the beef herd has been high and the % calves weaned/pregnant cow wintered has been well above average.



Financial Performance

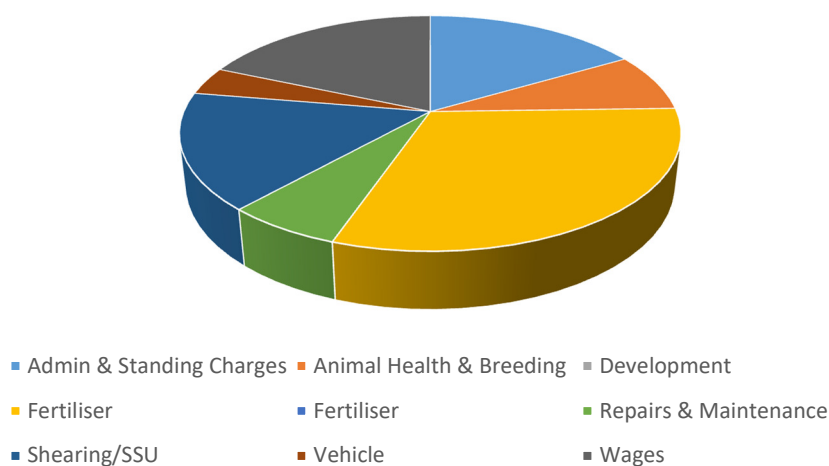
The following tables summarise the financial performance realised by the farm business over the past 3 years. You are encouraged to review your annual financial statements and note your statistics in the tables as a means of benchmarking your performance.

Income	2014	2015	2016	Competition Average
Sheep \$/ssu	132.94	105.90	126.53	87.50
Cattle \$/csu	62.63	58.45	64.73	99.68
Adj. GFI \$/su	121.16	96.23	115.04	107.99
Adj. GFI \$/ha	487	385	410	568



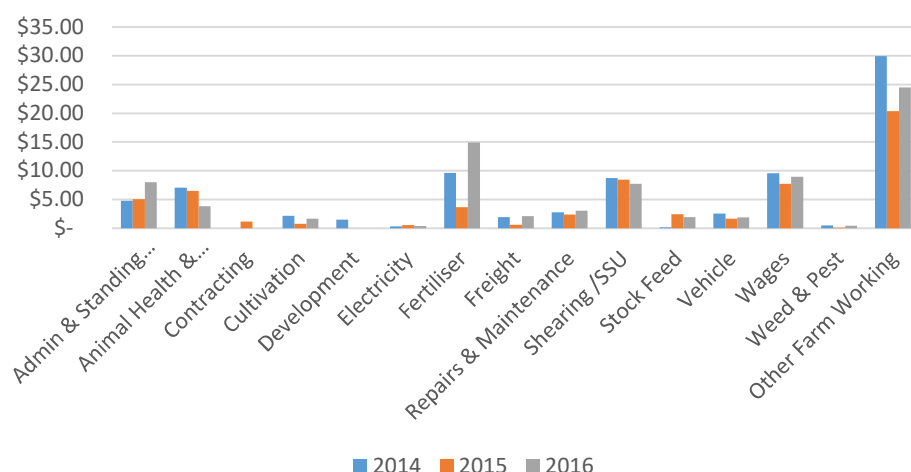
Expenditure	2014	2015	2016	Competition Average
Admin & Stding \$/su	4.80	5.08	8.02	12.57
Animal Health \$/su	7.08	6.52	3.86	6.43
Fertiliser \$/su	9.61	3.68	14.89	15.53
Repairs & Maintenance \$/su	2.78	2.39	3.07	6.02
Shearing \$/ssu	8.74	8.47	7.74	7.73
Vehicle \$/su	2.56	1.67	1.87	6.07
Wages \$/su	9.59	7.75	8.95	14.35
Total Adj. FWE/su \$	50.44	39.67	53.80	84.37
Total Adj. FWE/ha \$	202	158	191	440
FWE/GFI %	41.60	41.20	46.80	96.37

Farm Working Expenses 2016



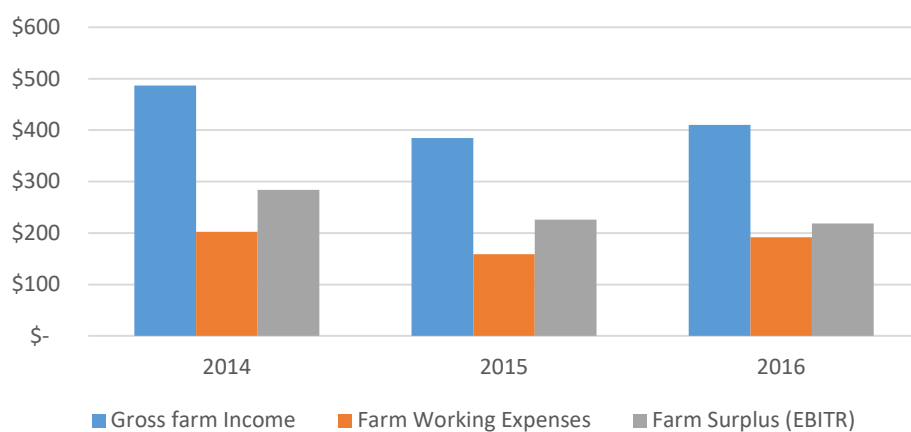
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Glen Orkney Farm Working Expenses

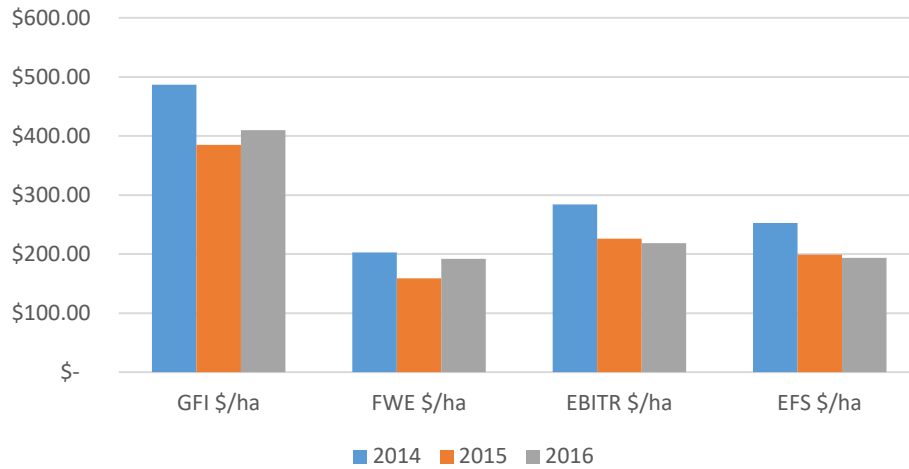


Economic Farm Surplus	2014	2015	2016	Competition Average
EBITR \$/ha	284	226	218	168
EBITR/GFI %	58.37	58.77	53.23	29.58
EFS/su \$	62.90	49.76	54.47	21.07
EFS/ha \$	253	199	194	92.43
EFS/GFI %	51.91	51.71	47.34	16.27
Return on Capital	6.64	5.20	5.09	0.89

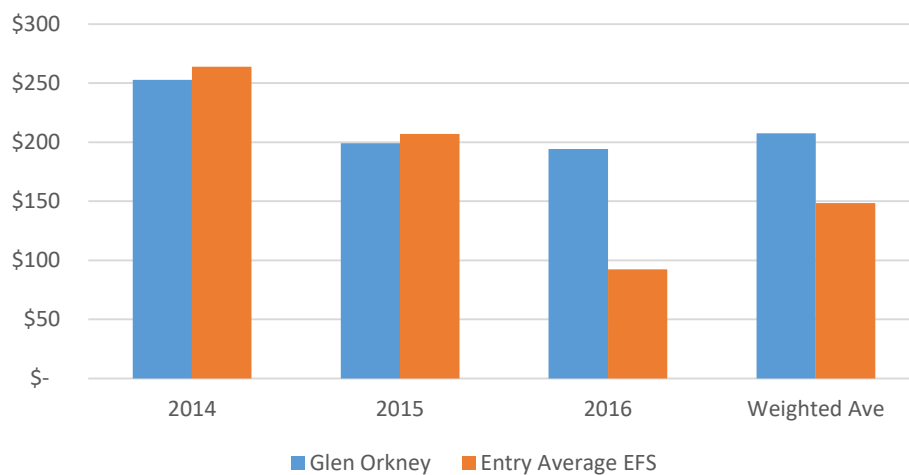
Glen Orkney Income, Expenses and Operating Surplus (EBITR)



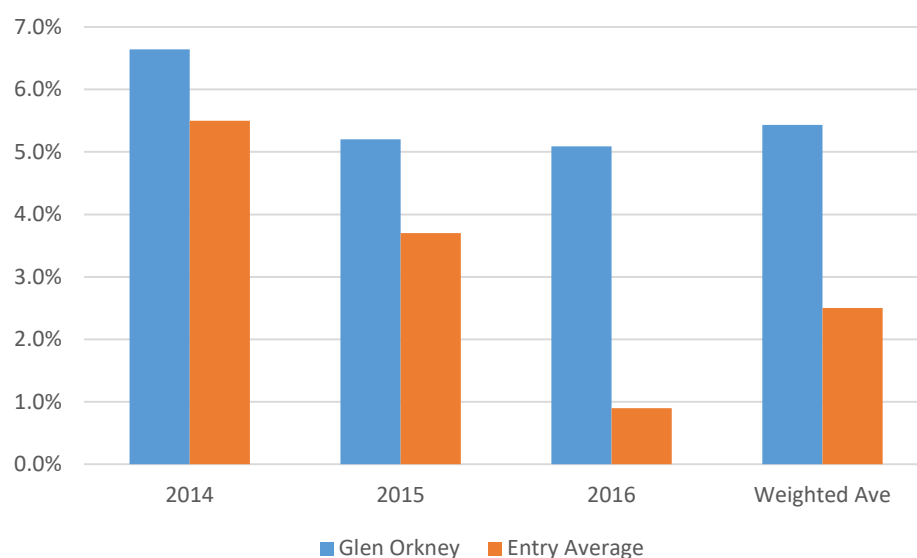
Glen Orkney Financial Summary



Economic Farm Surplus (EFS)



Return On Capital



Profit/Forage Indices	2015	2016
GFI \$/kgDM	0.098	0.094
FWE \$/kgDM	0.04	0.046
EBITR \$/kgDM	0.058	0.05
EFS \$/kgDM	0.051	0.045

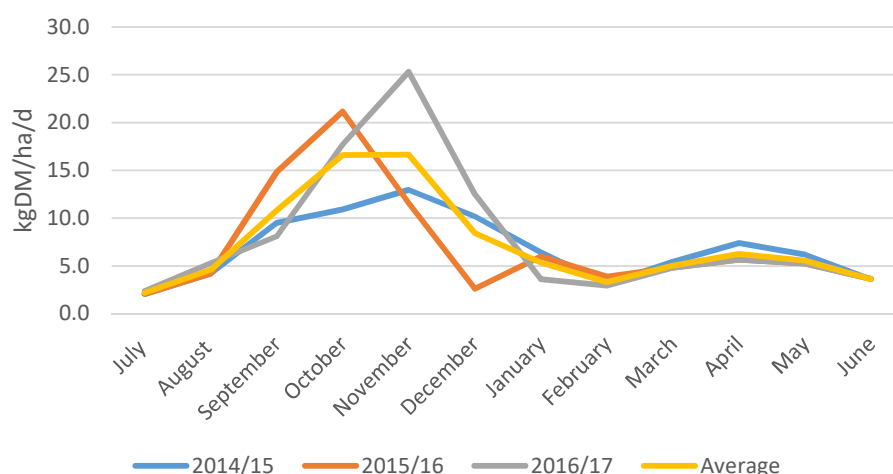
Feed Budget

The table below is the 2016 feed budget used by the Harvey's as part of their management of feed and livestock. Updated monthly, the feed budget provides a valuable forecast ensuring timely decisions are made. Now into their second year of feed budgeting, a picture of seasonal pasture growth is beginning to emerge which will aid future planning.



Glen Orkney												
	2016											2017
Month	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June
Cover - Start of Month	1063	1021	1032	1068	1355	1806	1743	1697	1631	1631	1637	1657
PGR	2.4	5.3	8.1	17.7	25.3	8.3	4.9	3.0	4.8	5.7	5.2	3.6
Supplements (Total kg/month):	0.6	0.4	0.4	1.2	0.5	7.7	-0.7	0.5	0.5	0.3	0.5	0.3
(B) Total Feed Supply (kgDM/ha/d)	3.0	5.7	8.5	18.9	25.8	16.0	4.2	3.5	5.3	6.0	5.7	3.9
FEED DEMAND:												
Ewes	1340	1340	1340	1310	1250	1200	850	1650	1550	1510	1510	1510
Intake (KgDM/hd/d)	1.2	1.5	2.2	3	3	3	2.5	1.1	1.2	1.5	1.3	1.1
Terminal ewes	1300	1300	1300	1250	1200	1200	900	1120	1120	1120	1120	1120
Intake (KgDM/hd/d)	1.2	1.8	2.7	3	3	2.5	1.1	1.1	1.2	1.5	1.3	1.1
2 tooth's	700	700	700	680	680	680	680	690	785	785	785	785
Intake (KgDM/hd/d)	1.2	1.5	2.2	3	3	2.5	2	1.2	1.1	1.2	1.3	1.1
Merino ewe lambs	650	650	650	1000	1810	1785	1785	1050	1050	1050	1050	1050
Intake (KgDM/hd/d)	1.1	1.1	1.1	1.2	1.0	1.0	1.0	1.0	1.0	1.0	1.1	1.1
Merino lambs	510	510	510	510	960	960	960	1050	500	500	500	500
Intake (KgDM/hd/d)	1.1	1.1	1.1	1.2	1.0	1.0	1.0	1.0	1.0	1.0	1.1	1.1
Lambs Terminal	0			1500	2000	2000	300	130	45			
Intake (KgDM/hd/d)	0.9		0.1	0.5	0.8	1.2	1.3	1.3	1.3	1.3	1.3	1.3
Rams	55	51	47	43	65	65	65	65	65	65	65	65
Intake (KgDM/hd/d)	1	1	1	1	1	1	1	1	1	1	1	1
Total Sheep Demand (kgDM/ha/d)	3.3	4.1	5.7	7.5	8.4	8.2	4.6	3.7	3.5	4.0	3.8	3.4
Sheep Lwt/ha (kgLwt)	142.4	145.4	151.4	173.5	213.3	173.3	128.6	155.5	146.9	148.6	151.0	152.4
MA Cows + R3yr Hfrs	135	135	135	135	135	129	129	129	129	129	139	139
Intake (KgDM/hd/d)	8	8	11	15	15	14	13	12	11	10	8	7
R2yr Hfrs (Empty)	24	24	24	24	24	24	24	24	24	24	60	60
Intake (KgDM/hd/d)	8	10	13	15	15	14	13	12	11	9	9	9
R1yr Hfrs	60	60	60	60	60	60	60	60	60	60	60	60
Intake (KgDM/hd/d)	5	6	7	7	8	8	8	10	8	8	8	8
R1yr Strs	29	29	29	29	29	29	29	29	29	29	40	40
Intake (KgDM/hd/d)	6	7	7.5	9	10	10	10	10	9	9		
Calves				50	130	130	130	130	130	130		
Intake (KgDM/hd/d)			1.5	2.0	3.0	3.5	4.0	4.5	4.5	5.0	5.5	5.5
Peter Grazers		20.0	20.0	20.0	20.0	20.0						
Intake (KgDM/hd/d)		8.0	11.0	15.0	15.0	14.0						
Breeding Bulls	5	5	5	5	5	5	5	5	5	5	5	5
Intake (KgDM/hd/d)	8	8	8	8	8	8	8	8	8	8	8	8
Total Cattle Demand (kgDM/ha/d)	1.1	1.3	1.6	2.1	2.4	2.2	2.0	2.0	1.9	1.8	1.3	1.2
Cattle Lwt/ha (kgLwt)	72.0	79.1	81.5	83.3	89.6	86.3	83.4	83.6	85.7	88.2	75.1	76.6
TOTAL DEMAND (KgDM/ha/d)	4.4	5.4	7.3	9.7	10.8	10.5	6.7	5.8	5.3	5.7	5.1	4.6
MONTH END COVER (KgDM/ha)	1021	1032	1068	1355	1806	1743	1697	1631	1631	1637	1657	1637
Lwt/hectare (kg/ha)	214	224	233	257	303	260	212	239	233	237	226	229

Glen Orkney Pasture Growth Rate



Key Feed Ratios:

	2015	2016	2017
Pasture Supply (kgDM/ha)	3724	3983	3591
Supplements & crop (kgDM/ha)	151	196	174
Total Feed Supply (kgDM/ha)	3875	4179	3765
Stocking Rate (su/ha)	4.0	4.0	3.9
Feed per stock unit (kgDM/su)	968	1044	965
Dry Matter Consumed (kgDM/su)	658	576	634
Feed Utilisation (%)	68	55	66

Key points to note:

- Overall pasture production has ranged from 3600 to 4000 kgDM/ha over the past 3 years
- Feed crops and supplementary feed represents 4 – 5 % of total feed supplied
- Dry Matter intake appears to have fallen to approximately 580 kgDM/su in 2015/16
 - This may be reflecting a higher level of accuracy associated with scoring pasture cover as skill and experience improves
- It is estimated that 55 – 68 % of pasture grown is utilised by livestock over the past 3 years. This is considered to be in line with extensively stocked high country

Judge's Comments

Business Management and Governance – Richard Borrell, Westpac

Governance is about the strategic issues of the farming business as opposed to the day to day operations. Ensuring that the farming business has a defined vision for its future, taking the big picture view separate to the day to day operations. Managing risk, ensuring that there is the right balance between short term gains and long term wealth creation. Last but not least ensuring that there is accountability and oversight

of the operations and that this is undertaken on a regular formal basis either via the owners and their advisors or through an advisory or board structure. The governance section in the competition was based around the following **6 key areas**.

1. Strategic Business Plan:

A written/formal plan of how the farming business is going to achieve its goals and objectives. The 5 primary elements of this plan are, Farm vision, Farm mission Statement, critical success factors, actions to achieve objectives and a prioritised timeline for implementation of these actions.

2. Business vision/mission and values statement

Vision: states purpose, goals and values of the farming business – typically one to two sentences, i.e. "To be recognised as the breeder of ABC cattle best suited to dry land farming conditions in New Zealand"

Mission and Values: brief 2 to 3 sentence statement describing the farming business, its core activity and how it plans to meet its objectives i.e. "To operate a commercial dry land farming system that breeds ABC cattle that produce outstanding weight gain in a wide variety of farming conditions, through good farming practice and genetic selection while valuing the environment and creating a sustainable and resilient family farming business".

3. Succession Plan

A formal documented plan in which a family farming operation plans for the transfer of knowledge, skills, labour, management, control and ownership of the farm from the current (retiring) generation and the successor (next) generation while balancing the competing needs of the existing , successor and other family members.

4. Business Risk Management

How do the owners/operators manage financial risk and create resilience in the business. Key person risk, interest rate and commodity management strategy. Is it documented and reviewed and put in place.

5. Financial Management

The budgeting planning process done at the start of each financial year/season once completed how the budget is used, reviewed and what active process is undertaken to measure the variance of actual results vs budget.

6. Governance Practice

The formal process of bringing the key components of good governance together including the regular meeting of a Family Board, Advisory Board or Formal Board, including an appointed chairman, agenda, roles of individual members and documented minutes and outcomes.

Simon, Lynda & Tom displayed a good overall level of governance. They presented a written strategic plan, mission/vision and values statements, these were all considered realistic, well thought through, practical and used for the basis of their farming practices.



Succession planning was another strength of this business. Through the use of a specialist professional facilitator, this process is well underway and well documented with all stake holders engaged in the process.

In the future the opportunity exists to lift governance to the next level and therefore a more formal process through the establishment of a family or advisory board to review financial performance against budget as well as establishing and monitoring agreed financial risk parameters such as interest rate risk management strategies.

Social and Community – Chris Dawkins, Chairman of the Trust

Social Responsibility was taken very seriously by the judges, although the points allocated were not as great as those awarded to the main categories.

The five key areas identified by the judges were:

1. Health and Safety Plan
2. Staff training and retention programme
3. Communication
4. Community involvement
5. Sites of significance

The top three contestants scored very highly in this category with less than five percentage points separating them.

When critiquing the Harvey's entry the judges deemed:

1. Their Health and Safety Plan was adequate, but not the best in the competition
2. Given the nature and scale of the property compared with other entrants, no assessment was made with respect to staff training and management
3. A common theme running through all the Business's judged was exceptional communication skills, and the Harvey's were no exception in that regard
4. Three of the competitors, including the Harvey's, scored maximum points for community involvement
5. Their awareness and protection of sites of significance couldn't be faulted

Further gains to be made by the Harvey's in the area of Social Responsibility would be minimal.

A splendid example of a balanced business and social approach.

Animal Performance – Pete Anderson, StockCare

Breeding stock production and performance scored towards the top end of the scale although the cow performance would have even been better if we knew what the average calf weaning weight was.

Overall the Glen Orkney Animal Production and Performance was the highest of all properties because there were no areas in which there were any major deficiencies

also scoring very well for Animal Health, Welfare, and their approach to Genetic selection and how store and prime stock were managed.

Opportunities for greater performance include:

As for some of the other properties in the competition a few basic measurements and records, especially accurate body weights and condition scores at strategic times, are very important to understand better why stock performance is what it is.

Land Management – Lachie Grant, LandVision Ltd

A significant number of best management practises are being undertaken on Glen Orkney including developing and retaining high quality, drought resistant pasture species on the hill country, maintaining a flexible stock policy with a low stocking rate to prevent over grazing, and matching stock breed to land type. In addition, careful and precise grazing management of the erosion prone mountainous slopes at the southern end of the property is implemented.

Minimal use of nitrogen fertiliser, regular soil testing and a fertiliser policy adhering to the NZ Fertiliser Code of practice, are undertaken.

The property has 15 ha of land protected under QEII Trust Covenants and a further 42 hectares of established woodlots and forestry developed on land considered marginal for pastoral farming.

Minimum tillage techniques are used when establishing crops or improving pastures with nominal fallow time between crops.

Careful grazing and stock management is the key to ongoing slope stability and land preservation for Glen Orkney. In addition, continuing the weed and pest management program, along with track, culvert and water table maintenance will contribute to future slope stability and protection of the property's natural heritage. Future opportunities include strategic soil testing and fertilising according to Land Management Units, water harvesting and irrigation, and establishment of ecological corridors, woodlots and shelterbelts.

Financial Performance – Greg Sheppard, Sheppard Agriculture Ltd

The key areas of financial performance considered were:

- Gross farm Income (GFI)
- Farm Working Expenses (FWE)
- Earnings Before Interest tax and Rent (EBITR)
- Economic Farm Surplus (EFS)
- Times Interest Covered (TIC)
- Return on Capital employed (ROC)

These areas of performance were analysed on per hectare and per stock unit basis and in the context of overall business viability and the land resource farmed.

Out of a possible 25 points, the Harvey's business scored highest at 17.9.

The GFI/ha achieved by Harvey's is not considered high at a weighted average of \$418. This reflects the lower stocking rate as influenced by the land resources available and climate. The GFI/su was very good with a weighted average of \$110.62 over the 3 years analysed.

The FWE averaged just \$184/ha. However at \$48.98/su, FWE are on par (based on per stock unit costs) with industry averages indicating all necessary inputs are being maintained. Significantly FWE represented just 44% of GFI. This is a stand out feature of the business.

EBITR is essentially the Farm Operating Surplus (GFI – FWE). The Harvey's EBITR has been very consistent with a weighted average of \$234/ha. This was second highest in the competition.

The EFS is the indice used to compare one farm business with another. With a weighted EFS of \$207/ha and \$54.74/su, the businesses ranked 3rd and 1st respectively.

TIC is a measure of a business's ability to fund Interest and Rent (I&R) costs. Effectively it is how many times I&R can be serviced by the EBITR. This is an important security indice for business owners and bankers. The Harvey's had the highest TIC in the competition.

As a final measure of financial performance ROC was assessed. With the business realising an average ROC of 5.4% (ranging from 5.1 – 6.6% over the last three years), Glen Orkney Ltd ranked first in the competition.



Hardy - Jones | Clark
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The Vet Centre

Hamish Blackwell Contracting

Stock Care – Pete Anderson

Other Sponsors:

WK Advisors and Accountants

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Top of the South Farmers

Hardy Jones and Clarke

Meridian Energy



Marlborough Sheep and Beef Farmers of the Year Trust Competition

Aim:

The aim of the competition is to promote profitable sheep and beef farming by identifying efficient and innovative farms with sustainable systems in the Marlborough Province.

Entry:

The competition is open to any farmer, (lessee or owner), or farm manager in the Marlborough Province (Marlborough and Kaikoura District Council areas), whose:

- Gross Farm Income (GFI) is mainly from sheep and cattle
- Operation consists of a minimum of 2500 stock units

Prize Package (2016):

First Prize Package

- \$15,000 Cash, Westpac and Bayleys
- Whole Farm Plan and Paddock Map, LandVision Ltd - \$6,500
- Profit Check Accounts Analysis and full Business Review report, Sheppard Agriculture Ltd - \$2,600
- SJ Hammond Contracting Voucher - \$2,500
- Patchett AgAir Voucher - \$1,500
- Blackwell Contracting Voucher - \$1,500
- Soil Matters Viafos 1 T Kplus fertiliser, soil test & Recommendation - \$970
- Blackmore Fencing Voucher - \$500
- Liquid Action Voucher - \$500
- Osgro Seed Services Voucher - \$500
- Taylor Pass Honey Co. Honey to the value of \$500
- The Vet Centre (Marlborough) Voucher - \$500

Second Prize

- \$1,000 Cash from the Top of the South Group
- Meridian Energy Voucher - \$2,000
- Profit Check Accounts Analysis and report - \$1,600
- Hammond Contracting Voucher - \$1,500
- Soil Matters Viafos 0.5 T Kplus fertiliser, soil test & Recommendation - \$575
- Blackmore Fencing Voucher - \$500
- Liquid Action Voucher - \$500
- Osgro Seed Services Voucher - \$500
- Taylor Pass Honey Co. Honey to the value of \$500
- The Vet Centre (Marlborough) Voucher - \$500
- Farm Paddock Map from LandVision to the value of \$500
- Nutrient Management Budget prepared by LandVision \$2,000

Third Prize Package

- \$500 Cash from the Top of the South Group
- Profit Check Accounts Analysis and report - \$1,600
- Hammond Contracting Voucher - \$1,000
- Blackmore Fencing Voucher - \$500

- Liquid Action Voucher - \$500
- Osgro Seed Services Voucher - \$500
- The Vet Centre (Marlborough) Voucher - \$500
- Farm Paddock Map from LandVision to the value of \$500
- Nutrient Management Budget prepared by LandVision \$1,200
- Soil Matters Viafos Brookside soil test & Recommendation - \$180

Fourth, Fifth and sixth Place Prizes

- Farm Paddock Map from LandVision to the value of \$500 each
- Profit Check Accounts Analysis - \$350 each

2017 Competition

Previous entrants of this competition are eligible. Previous winners of the competition are eligible to re-enter after a stand down period of 6 years (5 competitions). Anyone unsure whether they qualify for entry should ask a member of the organising committee.

How to Enter

Grab an entry form (available at the Field Day) or request one by emailing Greg Sheppard. Complete the entry form and attach a copy of your past 3 years' farm accounts plus a trial balance for the current financial year and post/email or deliver in confidence to:

Westpac Bayley's Marlborough Farmer of the Year Competition

C/- Sheppard Agriculture Ltd

PO Box 2433

Stoke

NELSON 7041

Email: greg@sheppardagriculture.co.nz

Notes
