



# Investment News

SPRING 2011



## The best way to get into the dairy action

A recent article by Willy Leferink a dairy farmer from the South Island and Federated Farmers Dairy Section Chairman, is excellent reading for anyone interested in New Zealand dairy farming (see [www.myfarm.co.nz/willy](http://www.myfarm.co.nz/willy)).

The article challenges urban perceptions on issues such as corporate farming, foreign ownership, environmental performance and the co-operative ownership model. It even challenges whether or not New Zealanders understand the capitalist model!

There was a time (the 1990's and early 2000's) when the predominant view was that farming was 'old economy' and therefore not worth investing in - and by inference, not worth reading about. However that's all changing thanks to the ongoing food boom, the publicity of the proposed Chinese purchase of the Crafar farms and the recent outcry over the price of milk in NZ. NZ Dairy is now front and centre of the public interest. And some of the views presented are not that positive including; "NZ is becoming a (dirty) dairy farm", "New Zealanders should enjoy cheaper milk", "corporate farmers are bad".

Like most perceptions, there is some truth in them, but with an unfortunate twist.

Yes, dairy is currently the best land use for most flat land where there is reliable

summer pasture growth, either through climate or irrigation. Over time, it is likely that dairy will continue to grow, resulting in more investment in dairy farm infrastructure, dairy processing facilities and in the service industries that support rural communities. It is important that an industry that creates around half of NZ food exports continues to grow if we want an economy that at least keeps pace with our neighbours.

The flip side of this growth is the environmental consequences. It is likely that Canterbury and Southland will see the intensification of land use that Taranaki and Waikato experienced in the mid to latter part of the 20th century. New Zealanders clearly want better, not declining water quality, so this growth must be supported by a strong commitment to good environmental outcomes.

Yes, milk is expensive relative to the price consumers used to pay, and relative to the price of milk in Australia. But other food items have increased by more than the price of milk, and studies show that we

are spending no more on food as a proportion of our income than we spent previously (period 2007 - 2010). Unless we change from a free-market economy, when world prices increase, domestic prices will also increase.

Yes, corporate farming is on the increase, and at MyFarm we are centre stage here having grown from 15 to 45 farms over the past two - three years. But the flip side is that, at least with the style of corporate farming we practice, we are taking lower producing farms and improving them - our track record is to increase milksolids production by 200 kgMS/ha

thereby increasing economic activity and investment returns. We prioritise young farmer's

career progression, having introduced an innovative contract milking plus profit share 'employment' model and in 2011 we settled 6 young farmers onto land as they took up shares in MyFarm syndicates".

MyFarm also works hard to achieve environmental compliance. We ensure that farms have effluent management systems that exceed minimal

**"In 2011 we settled 6 young farmers onto land as they took up shares in MyFarm syndicates".**

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# New supervisors bring depth of business and farm experience

MyFarm's newest additions to the farm supervision team, Lyn Berry and Richard Luxton are both experienced dairy farmers and business people.



Lyn Berry

## LYN BERRY

New Southland supervisor, Lyn Berry has a passion for dairy farming that shines through in both her enthusiasm for the job and her CV.

Lyn spent the first 15 years out of school on Taranaki dairy farms, including 3 years contract milking on a 160-cow farm by herself.

When sharemilking jobs dried up in the mid 1990's she went to Massey University as a mature student and completed a Bachelor of Applied Science and Diploma in Horticulture. After graduating in the mid 1990's she moved south to Gore and has built a career in the region as a dairy farm consultant, agribusiness training tutor and sometimes guest on Jamie McKay's Farming show!

## The best way to get into the dairy action

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compliance standards and we are at present proactively working with Environment Southland on riparian management programmes and esplanade strips.

At MyFarm we provide the best answer to NZ Herald columnist, Fran O'Sullivan's recent comment that "more people (want to) get a slice of the dairy action". In addition to the jobs and economic activity provided by the dairy sector, we provide eligible investors an opportunity to invest in our pre-eminent industry for a minimum investment of \$250,000. And we have plans to allow wider participation.

So, if you want a tangible, low risk and environmentally sustainable investment which is forecast to earn better than bank interest rates with the added protection of an asset base that performs well during times of inflation, call us! 0800 MYFARM (693 276).

Lyn is also an intrepid traveller. She managed a 1200-cow dairy farm in Chile for 6 months and has done a grain harvest in the USA and two hay and wheat harvests in Australia. In August she spent three weeks backpacking in China.

"I only ever stay in backpacking hostels, but they've changed a lot. Because of technology people don't talk to each other as much."

Lyn started part-time with MyFarm in June and will take on the role fulltime from the beginning of 2012.

"I'm enjoying working with the people on farm. The staff are progressive and switched on and that makes our job much easier."

## RICHARD LUXTON

Canterbury supervisor, Richard Luxton brings an impressive combination of project management and dairy farming experience to his new role.

As a supply chain analyst with UK company, British Gypsum Richard was

responsible for improving the efficiency of the nationwide hardware chain's warehousing and logistics. Systems he implemented including a nationwide delivery failure database and warehousing picking lists are still in use today.

"I really enjoyed that role, but the next step was Europe and I was conscious that back home there were farms in the family with no succession plan in place."

So five years ago Richard returned to Waikato. He is the 6th generation New Zealand dairy farmer in the Luxton family following in the footsteps of his father John (a former MP and current Chair of Dairy NZ) and continuing the 90-year family tradition of supplying the Tatua Cooperative.

A manager is now running his 430 home farm.

He took up the MyFarm role in June because it was a "new challenge". Richard supervises the seven MyFarm managed syndicates in Canterbury, which includes three recent conversions.

"I think the job matches my project management background, I'm enjoying the process of improving performance and working out how to make all these farms run well."



Richard Luxton



## Opio Dairy Limited Partnership

Invest in New Zealand's dairy farming success with this Southland dairy conversion.

- 139 ha farm.
- Ideal timing – low land prices and a very strong milk price outlook.
- Forecast 10.2% p.a. rate of return in the first five years.

To find out more visit [www.myfarm.co.nz/opio](http://www.myfarm.co.nz/opio)

Investment is open to investors who are investing no less than \$250,000 and who are excepted or exempted from being members of the public under S5(2CBA) of the Securities Act 1978.

# We all need to be prepared to invest in safety

Most of us who have lived and worked on farms have experienced lucky escapes or near misses while at work and know of families who have suffered tragedies as a result of farm accidents.

Government figures show that 50% of workplace fatalities in the first four months of this year occurred in the agricultural sector. The photos alongside this article demonstrate some of the serious accidents involving machinery on MyFarm managed properties. They are not pretty, and in some cases the staff involved were lucky to escape with their lives.

As farm owners we have a moral and legal obligation to encourage best practise in the daily operation of our businesses. A proactive approach is necessary to prevent accidents and the emotional distress and disruption they create.

To that end MyFarm is taking a number of steps to improve farm safety:

## POLICIES

We encourage Directors of farm syndicates to create policies that promote best practise in the workplace. Examples of farm policies may be:

- Making compulsory the wearing of helmets on ATV's (including by visiting investors).
- Restricting certain tasks to trained, certified contractors (eg spraying/carting large loads of hay in steeper terrain).



This fire was caused by a bird's nest in the engine built during the course of a lunchtime. (The tractor was checked that morning). The driver was unharmed.

- Requiring farm managers to implement a FarmSafe plan.

## IMPLEMENTATION

MyFarm supervisors work with the farm managers to implement the Board's policies. Sometimes there will be an additional cost involved for training or updating equipment or using outside service providers.

## TRAINING

MyFarm has developed a good relationship with Farmsafe and has facilitated a number of the properties putting in place Farmsafe plans. This helps farm managers to simplify what can sometimes seem like a daunting list of responsibilities for employers, including:

- Keep a register of work-related injuries and serious harm.

- Record every incident that harmed or might have harmed someone in the workplace.
- Investigate all recorded accidents, harm, or near misses.
- Report serious harm that occurs to employees at work to Department of Labour.

In summary, shareholders in dairy farms play an important role in improving farm safety culture by setting strong policies and being prepared to fund training. MyFarm Director Grant Rowan says a recent serious accident on his own Southland property, has heightened his awareness of the need for very high standards of farm safety.

"There's no doubt we have a practical and moral obligation to keep our staff safe. Investing some money in this area, can save a heap of heartache and stress for all involved."



A gumbboot wrapped up in a tractor PTO shaft is a graphic demonstration of how quickly farm accidents can occur. The farm staff member suffered serious leg injuries, but was fortunate to escape alive.

# FARM MANAGEMENT SEMINARS 2011



# MYFARM™

MyFarm is on the hunt for progressive young dairy farmers. If you can run an efficient farm system, have a proven production record; all-round skills in staff and business management, and look after farms like they're your own, we want to meet you.

We recognise the difference the farmer makes to business performance. We offer a variety management options - our

syndicates employ managers, contract milkers and variable order sharemilkers. In some cases managers have joined with the other investors as Equity Managers.

## FREE SEMINAR

Come along and hear more about working with MyFarm and our current career opportunities at our upcoming seminars in Ashburton and Invercargill next month. Be inspired and motivated by a range of

business and industry speakers, and then enjoy lunch on us.

## WHERE AND WHEN:

Ashburton

(Wednesday 23rd November 2011)

Invercargill

(Wednesday 30th November)

## TO REGISTER YOUR INTEREST:

Contact Jenna on 0800 693 276 or Email [jenna@myfarm.co.nz](mailto:jenna@myfarm.co.nz)



## From South Africa to Southland

In 2003 Hannes and Lyzanne du Plessis arrived in New Zealand with a baby, a suitcase and \$20. Five years later they were placed third in the Waikato Sharemilker of the Year awards and June 2011 their journey brought them and their three children to Southland and a new role contract milking on a MyFarm managed dairy syndicate at Edendale.

“Our story is about how you don’t have to have a lot of money or experience - the opportunities to live your dream are all there within the New Zealand dairy industry,” says Lyzanne.

It was Hannes’ cousin, Sharemilker of the Year 2010/11 winners, Stefan and Annalize du Plessis who first encouraged them to immigrate to New Zealand and become dairy farmers and then last year urged them to investigate opportunities in Southland.

“They sent us pictures of cows milking and grazing luscious grass and there we were in Waikato struggling with a drought,” says Lyzanne.

Hannes says they travelled from South Canterbury to Southland looking at positions on dairy farms in Geraldine and Balclutha but Southland was the best choice for them. At Edendale Pastoral Ltd the du Plessis’ will milk approximately 670-cows on the 240 hectare milking platform and rear their calves in a converted sheep shed on the 80 hectare adjacent runoff block.

“We decided to choose Edendale because of the added runoff land which the syndicate recently purchased. It will enable us to do everything ourselves in a fully self contained system.”

Hannes says they were also very impressed with the quality of housing at the new farm.

“We believe if you want to employ good staff you must have good homes for them.”

The du Plessis haven’t just made rapid progress within the dairy industry in the past 8 years they’ve also assisted Lyzanne’s

two sisters to immigrate and provide continuous employment for two of their current staff who have also made the move from South Africa to New Zealand and South from Waikato with them.

“For us the number of cows we’re milking is less important than growing our business so that we have the opportunity to extend our dream by employing other people who faced a poor future like we did,” says Lyzanne.

Ultimately Hannes, who left South Africa as a horticulturalist, says they would like to settle and own a dairy farm.



MyFarm supervisor Steve Blyth; Lyzanne and Hannes du Plessis and MyFarm Farms GM, Gareth Evans at the July ‘Milk It’ Conference for farm managers.

“We recognise the amazing opportunity there is in the NZ Dairy industry to live our dream.”

Meantime he says the first three months at Edendale have gone very well despite the August snow and recent wet conditions.

“We’re blessed with excellent staff, good weather protection in the form of hedges and sheds for calves and calving cows and heaps of luscious green grass - because of that it’s been one of our easiest calving seasons in eight years.”



## All aboard.

Pastoral Dairy Investments is proposing to offer New Zealanders access to a new, lower threshold investment opportunity in dairy farms.

This investment opportunity is expected to be available in November - so if a \$20,000 investment in New Zealand dairy farming appeals to you, call us today on 0800 693 276 to register your interest in receiving an investment statement and prospectus, with no obligation or commitment of any kind.

22/09/2011

No money is being sought and no applications for securities will be accepted or money received unless the subscriber has received an Investment Statement.