

ANNUAL REPORT TO OROMAHOE 18R2B2B2 TRUST – OCTOBER 2016

GENERAL

It has been another good year for the Trust's farms, the third in a row. This has again allowed good levels of fertiliser, repairs and maintenance and development to be achieved. Some early concern of a potential El Nino drought proved groundless with some of the best pasture growth over the summer and autumn in recent years. This contributed to good cattle finishing weights which combined with generally very good prices to achieve the good result for the year and an ability to reduce debt by \$50,000 in September this year.

COMPARATIVE PERFORMANCE BETWEEN YEARS

Major Indicators – 2015/16 Bold

Year	2011/12	2012/13	2013/14	2014/15	2015/16	5 Yr Ave.
Sundry Income	34,872	53,599	46,535	46,029	42,413	44,690
Cattle Sales	1,654,288	1,013,716	1,872,654	1,902,227	2,068,004	1,702,178
Sheep Sales	301,785	156,513	299,101	224,528	230,400	242,465
Wool Sales	54,551	23,518	44,255	39,048	28,635	38,001
Total Cash Income	2,045,496	1,247,346	2,262,545	2,211,832	2,369,452	2,027,334
Cattle Purchases	694,261	756,422	841,317	1,037,834	1,020,584	870,084
Sheep Purchases	25,560	26,195	26,600	39,435	12,480	26,054
Gross Farm Income	1,325,675	464,729	1,394,628	1,134,563	1,336,388	1,131,197
						0
Cash Operating Expenses	777,686	834,162	802,244	882,142	881,892	835,625
Interest	42,410	27,453	29,334	23,127	21,341	28,733
Total Cash Expenses	820,096	861,615	831,578	905,269	903,233	864,358
						0
Operating Cash Profit	505,579	-396,886	563,050	229,294	404,338	261,075

Points to Note:

- Cattle sales are the highest by value in recent history.
- Gross farm income is the second highest in recent history, 2013/14 being the highest.
- Value of cattle sales is tending up but is offset to some extent by the same trend in purchases.
- Interest continues to trend down with lower rates and reduce overdraft use.
- Operating cash profit is very good but non cash adjustments reduce the net operating profit to \$173,336 before tax.

Management and staff should be congratulated on the year's result and also on the general appearance of the farms.

ENVIRONMENTAL ISSUES

Apart from continuing the fencing of waterways the Trust has been, as reported last year, involved as a case farm in the *GREENHOUSE GAS MITIGATION OPTIONS FOR MĀORI PASTORAL FARMERS*. This has resulted in the Trust receiving a number of reports over the last 12 months, culminating in a field day in May. The key finding is that in order to be carbon neutral the Trust needs to plant some 30-50 hectares of trees to offset Greenhouse Gas Emissions. This is being looked at currently.

Arising from the GHG project has been an application to the Ministry of Primary Industries Sustainable Farming Fund to run some fertiliser/pasture trials in the mid north. The question being asked in the trials "can a fertiliser regime affect the output of GHGs"? A look at a different fertiliser

regime for long term sustainability in terms of soil health, GHG emissions and reduced nutrient runoff. At this point the application has been accepted by MPI and the Trust will be notified early in 2017.

LANDCARE RESEARCH- MAPPING PROJECT:

This project is proceeding and at this time there are to hand some of the images taken by the laser flyover. Copies are available to view. Landcare have carried out some on site soil surveys to calibrate the maps and are now working on programmes to improve the Land use classification system.

As a result of the on-site soil core tests, a unique area of deep ash soil was identified and the NRC is taking further cores to test for changes over time. Tests will be repeated every five years.

CONCLUSION

Another very satisfying year in all aspects. One gets nervous after three good years wondering when the weather or prices will turn against the operation. It is comforting to be able to pay down debt which leaves the Trust in a more resilient position.

Malcolm McCallum
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Oromahoe Farms: KPIs Five Year Moving Averages						
Five Years to	to 11/12	to 12/13	to 13/14	to 14/15	to 15/16	2015/16
Oromahoe SU / Hectare	10.36	10.37	10.47	10.71	11.43	12.41
Waimatenui SU/Hectare	9.30	9.38	10.20	10.60	10.91	11.29
Cattle						
Oromahoe Lwt Kgs/Ha	536	533	528	521	562	641
Waimatenui Lwt Kgs/Ha	604	610	663	668	688	734
Sheep						
Oromahoe Lwt Kgs/Ha	137	142	152	155	161	166
Waimatenui Lwt Kgs/Ha	75	54	43	48	52	52
Total Lwt Kgs/hectare						
Oromahoe	673	674	680	676	723	806
Waimatenui	679	664	706	716	740	786
Production						
Oromahoe Kgs Lwt Gain/Ha/Yr	337	368	368	394	407	372
Waimatenui Kgs Lwt Gain/Ha/Yr	408	408	386	366	299	189
Oro Ave.Trading Margin Kgs/Hd	301	292	297	272	278	335
Wai Ave.Trading Margin Kgs/Hd	294	277	260	286	261	178
Oro Trading Margin \$/Head	600	607	629	701	745	1208
Wai Trading Margin \$/Head	520	519	499	636	738	1039
Liveweight Production						
Oro Lwt Production Kgs/ha	308	335	368	407	421	372
Waim. Lwt Production Kgs/ha	414	396	387	372	304	190
Pasture Production						
Oromahoe Kgs Dry Matter/hectare	8,512	8,812	8,956	9,134	9,286	8,169
Waimatenui Kgs Dry Matter/hectare	9,878	10,136	9,993	9,598	8,871	7,110
Cost of Pasture Production						
Oromahoe cents/KgDM	8.4	8.7	8.9	9.4	9.6	10.9
Waimatenui cents/KgDM	7.3	7.0	7.3	7.6	8.2	9.5
Cost per Kg Output						
Oromahoe \$/Kg Output	2.46	2.41	2.34	2.13	2.15	2.38
Waimatenui \$/Kg Output	1.77	1.91	2.00	2.07	2.52	3.57
Operating Costs						
Oromahoe Operating \$/Ha	707	759	794	849	887	887
Waimatenui Operating \$/Ha	707	700	726	715	713	677
Gross Margin						
Oromahoe Gross Margin \$/Ha	893	853	994	1069	1235	1355
Waimatenui Gross Margin \$/Ha	839	785	886	853	892	1188