



THE SOUTHERN STAR

News and Information for Lone Star Farms

December 2016



IN BRIEF By Tom Sturgess

The past two years we have had low soil moisture levels but despite that our lambing percentage has lifted 8% which is testament to the focus of farm managers and their staff. We now have decent soil moisture and the challenge is to capitalise on this as well as maintaining attention to ewe condition.

The sale of Mt Albert and Rainbow this year may mean that those two properties are not part of the Lone Star farms business but the farms and especially the people who have worked on them will not be forgotten. They

are both challenging but beautiful properties and we are grateful for the hard working staff and the personalities that have worked there over the 14 years. Our best wishes to the new owners and the staff for their future.

Health and Safety has been at the forefront of a lot of the farming industry's mind but it is good to see that our effort is not just been on making us compliant but also impressing upon people to be safe in what they do and keeping each other safe, so it becomes part of our culture and what we do. In all this we still need to be mindful of the other part of Health & Safety and that is our own, and each other's, health and wellbeing.



GM Update By Boyd Macdonald

The past 12 months for LSF could well be looked at as one of "change" from the outside looking in, as there has certainly been plenty of change. However from within it has also been a year of consolidation and progress. Progress towards achieving our goals of profitability and ROI, lambing %, kg of meat and fibre and being a sustainable farming business in all aspects.

There have been plenty of highlights around our properties which have been achieved by the dedicated and motivated teams on our farms. To list a few; Barewood received two awards in the regional Balance Environmental awards finals, Caberfeidh repeated an outstanding lambing result 156%, The Wandle and Quartz Range and Puponga all finished record numbers of lambs, Hadleigh added the River Bend block and completely transformed it.

Adding Value:

We often hear about the need to move up the value chain and get out of the commodity trading cycle. One thing for certain is we need to be better connected to the consumers

of our products and really understand what it is they want and will pay for. Grass fed, marbling, high animal welfare standards, food that has health benefits that tastes great and is produced with the environment in mind, all appear to be at the top of the demands and in time many of these qualities will only be the entry point. With this in mind we have engaged in two partnerships.

One of these is the Omega lamb project. While still early days, LSF is very involved with the Omega lamb project with over half the high Omega lambs produced coming from our properties this past year. We are very excited by the quality and performance of the animals and on top of this the exceptional eating experience of this product is awesome. The Omega lamb project is a partnership between Alliance, MPI and Headwaters.

On the beef side of our farming enterprise we are currently receiving our second crop of Wagyu calves with the aim of producing grass fed marbled beef. The plan is to start killing some of our first crop in the middle of 2017. While we are very happy how they are performing to date we are looking forward to see how these animals marble off our pastures and perform in the market place.

Sale of Mt Albert and Rainbow Stations

After owning the properties for 15 years Lone Star Farms sold Mt Albert Station (Wanaka) and Rainbow Station (Marlborough) in August this year. We would like to thank all staff who have worked there for their contribution to both the properties and to Lone Star Farms. Special mention to Scott and Rachel at Mt Albert and Justin and Ange at Rainbow for their dedicated support all the way to possession by the new owners. We are especially grateful for their commitment during the sale process. In the past Mike and Lorraine King and Dave and Kate McEwan also made big contributions to the development of these properties. We acknowledge and salute you all.

UPDATES FROM FARM MANAGERS

CABERFEIDH STATION, ANDREW HARDING

6,000 HECTARES IN THE HAKATARAMEA VALLEY

Highlights for 2016 were coming out the other side of the drought, cracking a kilo a day growth in cattle over winter and continuing improvements in the ewe flock. The lambing of 156% over the mixed-age and two-tooth ewes was close to the record of 158%. This was from a scanning of 191%.

A major change in policy was ceasing ewe fertility vaccinations. Andrew said the change was made because two-tooth genetics coming through had good natural fertility and the B flock fertility was much improved through culling.

“We’ve also reached the point where we focus on better ewe condition through feeding management so we can achieve higher fertility.”

Feed budgeting on the station has expanded from quantity based to also making sure ewe energy levels are met. Pastures samples have been analysed to gauge energy value (megajoules of metabolisable energy MJME), particularly of autumn pastures.

If autumn pastures have low energy levels then grain and lucerne silage is fed as a supplement.

“We tailor the diet to every situation.”

A good decision late 2015/early 2016 was to unload 259 yearling cattle, 3000 store lambs and ewes with lambs at foot. This freed up space for 6500 Omega lambs as well as finishing Caberfeidh-bred lambs. All up 22,000 lambs were finished, the second highest ever.

“This was a great result considering we only got 350 mls of rain in the financial year to June.”

Andrew enjoys the challenge of finishing Omega lambs on chicory although the operation is very intensive. The

crop now covers 170ha and 16,000 lambs go through it. For ease of management there is now one manager for breeding and one for finishing. The change from boundary areas to this division of operations makes sense as someone needs sole responsibility for finishing management.

“The breeding operation is large enough on its own as well.”

This spring has brought fantastic growth. Lucerne has been growing at 105kgDM/ha/day, four times above the feed budget.

“This has given us the confidence to buy in 1,000 cattle and make 400 ha of silage.”

The dryland fodder beet grew 16 t/ha and 20 t/ha on irrigation. At their peak trading cattle grew 1.2kg LW/day on it.

It has been the first year of growing Wagyu store cattle. 219 arrived in March and will be finished by the end of next winter and sold to Firstlight Foods.

Land directly under the Kirkliston Range is currently being developed. This includes fencing, adding stock water and root raking in some areas. Close to 100ha will be oversown with turnips or fodder beet.

With such a busy farm, more staff have been taken on to meet the workload, most recently Will Lyndsay as Experienced Shepherd and Erin Blair as Shepherd in the finishing operation. Ten staff are on the roll currently and Andrew credits them with the successful beef and sheep results.



THE WANDLE, STEPHEN JOHNSTON

2,272 HECTARES IN MIDDLEMARCH, OTAGO

It was a much better season this year although managing irrigation restrictions was challenging. The return to better growing conditions meant the property was able to finish 20,000 lambs, well up on the 8,500 finished prime the season prior.

The target lamb finishing weight was 17.5kg carcase weight (CW) but Stephen was pleased to report that the team at The Wandle achieved a 17.8kg CW average. This small difference translates to a valuable extra 6000kg of saleable meat above target meat yield.

"This was definitely a highlight for the season."

As well as the 5,500 Wandle-bred lambs, store lambs were brought in from Barewood, Caberfeidh and sourced on the open market. Lambs were run in mobs according to their weight and were drenched and weighed every month. Lambs had a set rotation of pastures starting on grass/clover mixes and moving onto lucerne.

"We offered fibre with lucerne and lambs adjusted to the new feed just fine," Stephen said.

Trading cattle numbers were up by 400 on last year. 750 R1 and R2 steers were purchased in spring 2015 and 230 were overwintered. The rest were able to be sold prime by late summer and into autumn. Cattle put on 750 grams/head/day (average) over 12 months, including

winter. They were sold to Alliance Group at 300kg CW or better. Stephen really liked the quality of the cattle purchased.

"That really contributed to the good weight gains we achieved."

The policy will be repeated this season although sourcing affordable cattle has been a challenge but we are getting good numbers on.

A disappointing in-calf rate (low 80%) in the 160 breeding cows may be due to BVD rearing its head again. All cows will be vaccinated. Cow condition and bull:cow ratio have been ruled out as factors.

Weather over lambing was exceptionally good. Stephen was reasonably happy with the pregnancy scanning result of 175% and pleased with the final tailing tally of 147%.

Staff attended a 'working at heights' course this year and put this into practice when working on silos. A safety cage has been installed on the front end loader to improve safety when working on the centre pivot irrigators. Plans for staff for 2017 include a trip through the meat processing plant and Five Star Beef feedlot. Stephen appreciated the way staff looked after the property during his two week holiday this winter.

"It was the worst weather of the year, with snow on the ground, and they did a great job."



PUPONGA AND QUARTZ RANGE, DARRYL HEAPS

1,100 HECTARES IN GOLDEN BAY

Farm manager Darryl Heaps has the honour of farming the wettest farms in the Lone Star Farm line-up.

Puponga and Quartz Range, a fifty minute drive apart, recorded 1.7 meters and 4 meters of rainfall respectively. Despite wearing out more gumboots than other managers, Darryl said the challenges are just the same as drier properties.

“Challenges are growing the right feed at the right time and trying to make money from lambs.”

It's been three and a half years since the farms were first run together under one manager. Lambing percentage from the 'B flock' composite ewe mob continues to improve at Quartz Range (to around 140% from 131% two years ago). To help improve survival over lambing the mob was split three ways and had fortnight gaps between tupping. Spreading lambing reduces the chance of a single storm event impacting heavily on tallies.

The 'A flock' ewes at Puponga tailed 149% which is their highest result to date. Ewe hoggets lambed on both farms and 1,000 were in lamb this year.

“Moving stock between properties helps with feed utilisation and controlling quality” Darryl said.

250 single-bearing hoggets and 200 dry hoggets went to Quartz Range in August as Puponga took on extra stock units by way of 400 five-year Romney ewes from Hadleigh.

This was Darryl's forward planning that North Canterbury farmers would want to restock this summer. These ewes were mated at Puponga and will be sold after weaning in December.

Lamb finishing is the dominant part of the income. Just over 6,500 lambs were finished in 2015/16. Average growth rate for the lambs at Quartz Range was 300g/head/day pre-weaning and 125g/hd/d post-weaning. While there is room for improvement on the post weaning growth rate Darryl said, this is all from native pastures.

Overall kill weight was 16.9kg carcass weight (CW) for Quartz Range & 17.1 kg CW for Puponga.

Darryl's comment is that “Like many farmers, a better price for sale lambs would make the system



more rewarding.”

1,500 store lambs from Hadleigh arrived over summer and 50 18-month cattle arrived from Rainbow in September 2015. These were either finished or continued on to the Five Star Beef feedlot.

Darryl had plenty of feed early winter so bought in 102 dry R2 Friesian heifers for Quartz Range.

“They did not do as well as expected and we have kept these on to finish through spring/summer.”

The idea was to turn them over within four months but in the end they will prove useful to groom pastures for lamb feed. Darryl wouldn't do it again as he doesn't think they are a suitable type for Quartz Range conditions.

A highlight for the season was seeing how the targeted fertiliser to Quartz Range finishing blocks has boosted the clover base. The Lucerne stands at Puponga were extended by 7ha, bringing the total to 25ha.

“It has doubled the carrying capacity of ryegrass and white clover and the twinning hoggets lambed on it and did well.”

Shane Ricketts has been with the team for two years as Experienced Shepherd and Clinton Fearn continues to do a great job at Quartz Range as Block Manager.

“All of us continue to work well together to get the most from both properties.”

FARMIQ

This year LSF started using the monitor system FarmIQ on Barewood, Caberfeidh and the Wandle. The most noticeable and immediate benefit has been the ease of recording day-to-day farm activities that were previously recorded in a paper diary. The benefit of then being able to use the information to very quickly calculate eg how much each mob is actually eating and how much grass each paddocks is growing is very valuable. We are concentrating on the animal recording functions initially but intend to use more of the programme as we consolidate. The uptake and leadership shown by staff with this technology has been great.

2IC DISCUSSION GROUP

For nearly two years we have run a discussion group for our up-and-coming senior shepherds and stock managers. This is facilitated by farm advisor Pete Young from Alexandra. They meet every two months and work on seasonal topics relevant to the host property. Topics have included hogget lambing, managing ewes during pregnancy, managing young staff, financial budgeting and returns from different stock policies and pasture types.

ADVISORY BOARD

We have set up an Advisory Board to help management challenge current policies and practices, develop a longer term strategy for the farming operations and ensure the interests of the shareholders are fulfilled and not put at risk. Joining Tom on this Board are Chris Jackson who is a current director of Lone Star Farms, and Richard Green from Christchurch. Richard sits on numerous boards and, along with wife Vicky, own and run retirement villages and a dairy farm. The board meet four times a year.



HADLEIGH, DAN JAMES

1,620 HECTARES NEAR MASTERTON

This lower North Island farm has been in Lone Star Farm ownership for four years this winter. Farm Manager Dan James said the team is making good progress at working through the list of fencing and pasture renewal jobs.

He saw immediate pay-back from sowing brassicas on 60ha of the 240ha Riverbend block last season. Despite a very dry summer the Spitfire rape and Hunter pasja crops grew enough feed to grow out 2000 ewe lamb replacements, finish 2200 homebred lambs and flush 800 hoggets over tupping. 220 mixed age trading cattle were also finished at the Riverbend block.

“We wouldn’t be able to do this without crops and the rape proved to be the best at staying leafy and green.”

In autumn the brassica areas were sown into plantain/white clover /red clover. These new pasture mixes have provided excellent quality early feed for hoggets this spring and are now being spelled to be ready for this season’s weaned lambs.

With very low rainfall in the first half of 2016 Dan prioritised feed for capital stock. The plan to purchase 150 trading cattle was shelved and, as the dry continued into winter, 400 in-lamb ewes were sold to Puponga. In June the farm was carrying 3,400 stock units fewer than the usual 14,400. All capital ewes stay off the Riverbend area as a precaution against introducing resistant parasites to these paddocks. Instead the ewes were boxed into three big mobs of about 2,000 and moved every second or third day around Hadleigh.

Ewes with lambs at foot were rotated through blocks in spring and cattle calved on the steep scrub blocks at Mt Clyde. In-calf rates were 95% for the 200 cows. Three years on from starting a vaccination programme for BVD, all heifers came back negative for BVD this year. Cattle remain 30% of the total stock units with the plan to raise this ratio.

There was no change in the proportion of lambs sold prime at weaning in 2015/16, with 20% of sale lambs sold prime (1,400 of the 7,200 sale lambs). However more lambs were finished after weaning (2,200) thanks to the Riverbend crops. The balance were sold store either at or sometime after weaning.

Dan said that after three compounding droughts the ewes are probably lacking in internal fat, even though they look fine on the hoof. His focus is on feeding them well all the way through this summer into autumn. Last winter was tough with saved pastures at a minimum. Tail-end ewes were fed grain for four weeks prior to and up to lambing.

The plan for November was to direct drill brassica into 55ha of Hadleigh and Mt Clyde flats. With steady rainfall and hardly any wind in October and November the call was made to sow an Italian ryegrass, rape and red clover mix which we will endeavour to get 18 months out of.

“The rape is for finishing lambs and the ryegrass and clover will give good quality through to the following autumn.”

Translating good pregnancy scanning rates to viable lambs on the ground remains a challenge. The lambing percent (lambs docked to ewe mated) was slightly up at 130% although the ewe pregnancy rate was well up, cracking 169%.

Dan believes improved genetics will help in this area, as well as better feeding.

“The Headwater hoggets are the best I’ve seen on the place and they’ve been on second class hill country” I am looking forward to see how they perform as two toothers.”

With better growing conditions through October and moisture in the ground and stock water dams recharged, the purchase of 200 trading cattle will help maintain feed quality.

Being a member of the Whangaehu Discussion Group has been a very valuable way to pick up local knowledge.

“Especially on managing in this harsh environment and predicting what is around the corner,” Dan said.

BAREWOOD STATION, MARTY DEANS

6,420 HECTARES IN EAST OTAGO

Farm Manager Marty Deans said a highlight for the year was that only 450 of the 18,500 ewes were below condition score three at tupping. This was pleasing as the Otago summer was very dry and the drought carried right into winter.

"We started feeding grain and silage early March when typically we start feeding in June."

"We identified and drafted off the poorer ewes and fed them to maintain good condition all the way through."

Lambing percentage was an acceptable 142% over two-tooths and mixed-age ewes; only 1% back on 2015. Scanning percentage was 172%.

Marty has been pleased how staff have taken on using the Farm IQ recording system. This is the second year that both sale and replacement lambs have been tagged with electronic tags and had weight gain recorded via FarmIQ.

"It tells us a lot about lamb growth on different pasture types and blocks"

The rising two-tooths now have two years of individual growth records. As well as recording weights Farm IQ has been used to record events like mob movements, pasture covers pre and post grazing and fertiliser treatments.

The number of prime sale lambs weaned off the ewe last summer was slightly down from the record of 70%. One reason was lambs were weaned earlier at 90 days as pasture covers and quality were dropping. The average growth rate from birth to weaning was a credible 304 grams/head/day.

Despite the dry Marty said the ewes had a high-volume lactation as they were in good condition. Much of the

lambing pasture was lucerne based. The broome/lucerne mix is currently Marty's preferred choice because of its earlier spring growth.

Barewood produced its second crop of Omega Lambs. During December and January lambs are trucked to Caberfeidh at 32kg LW and grown on. Omega rams were used during the first 40 days of tupping to breed lambs suitable for the Omega project. The ewes are scanned and lambled separately in three lamb age groups.

Marty said it is fascinating producing meat which will have different attributes in the marketplace. These lambs are being grown to be the tastiest and healthiest in the world due to higher yields of polyunsaturated fat and Omega 3 via both genetics and feeding.

Unlike last year the 5,500 replacement hoggets remained on-farm over winter. This was possible as fodder beet was grown for ewes freeing up space for hoggets. An extra 15 hectares of fodder beet also allowed for 400 store cattle to have weight added over winter.

This spring has been warm with just enough rainfall to keep covers at 1300kg dry matter/ha and to hold quality.

The opportunity to finish trade cattle during the past two seasons has been difficult, Marty said.

"Although this has allowed Barewood to offer forward-store cattle to other Lone Star Farm properties."

"It is a different way of trading cattle but still profitable, although we are also looking at ways to build some resilience into our policies and systems."

Staff changes include Tim Kensington appointed as Experienced Shepherd and Tyler Hulse taking on the Head Shepherd role.

LINCOLN SCHOLARSHIP

For the second year we have awarded a Scholarship for a Diploma of Agriculture student to further their study in the second year of Farm Management. This year the scholarship was awarded to Mitchel Hoare from the King Country, we wish Mitchel all the best for his career in agriculture and hope to have him work on one of our properties in the future.



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