

HE PANUI

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Te Uranga B2 is better positioned than most

To say that this is a difficult time for the dairy industry in New Zealand is a complete understatement.

What dairy farmers are now dealing with is tough - there is no other way to describe it (without using some strong language). So with all of this going on I thought it appropriate to have a "Dairy Payouts 101" session.

We need to remember that while Te Uranga B2 is fortunate enough to send all of its milk over the hill to Miraka, the price they pay is still linked to what the "dairy giant" Fonterra pays (plus a \$0.10 premium).

The buzz word that has been thrown around for the last few years is volatility. Basically we can go up or down in the blink of an eye. In 2014 the payout was \$8.40 / kg MS. Two seasons later it is now forecast at \$3.85 / kg MS. So despite all of the hard work that goes on at the Te Uranga B2 dairy farms, the milk that is produced is now worth less than half what it was two years ago. And despite the farms continually improving and producing more milk, the income for Te Uranga B2 will be the lowest in 9 years!

So what is actually going on? While there are a number of drivers the main one is the large amount of milk that China imported over the last two years and was part of the equation to driving our record milk payout two seasons ago. The big product is Whole Milk Powder (WMP). Essentially this is milk with the water taken out and can have a shelf life of around 24 months which makes it such an attractive product.

Basically China was taking whatever New Zealand we could produce and they now quite literally have large warehouses full. Anecdotally there is around 350,000 tonnes of milk powder sitting in China! That's a big pile! So given the size of this pile they no longer require product from NZ. Given around 50% of all of the WMP that NZ was producing was ending up in China, when they shut the gate we need to find somewhere else to go. This is happening but slowly.

The latest industry data for the current financial year shows that 88% of dairy farms will be "cashflow negative" to use official language. In simple terms they will make a loss. In fact the average dairy farm is now forecast to make a \$220,000 loss this year. That is to say they need to have a strong relationship with their banks to be able to pay the bills and put food on the table. So to counter this downturn the Te Uranga farms are reviewing all costs closely including the cow numbers being milked. It just doesn't stack up to buy in extra feed to milk more cows this year so we are better to milk less cows and do them well. All other costs are being reviewed to ensure we are in we are in "must do only" mode. So after all of this doom and gloom it is important to realise that Te Uranga B2 is better positioned than most. The benefit of the sheep, beef and forestry income is no greater than the year we are in. While we do hope that the beef market continues its strong run, spare a thought for the dairy farmers – it takes a special breed of person to head off to work each day knowing you are not making any money.

Darren McNae - AgFirst Consultant

Planting of manuka seedlings underway...

Tweeddale Apiaries have supplied at no cost the Incorporation with 7,000 Manuka Cultivar CTV4 seedlings. The remaining 4,000 seedlings will be planted next year once suitable locations have been identified. The Incorporation will meet the costs of the initial pre-release spot spraying, planting of the seedlings, and the annual weed control until plantings are well established.

Two retired areas on Koromiko (Moti & in behind Luke Peppers house) will be planted mid-September, these are sheltered from heavy frosts & winter wind chill, factors which can stunt plants early growth & impact on survival rate – less exposed plantings establish quicker than plantings in exposed positions.

Pre-release spot spraying was completed in August, spot sizes being approx. 1m; marker dye is

used in tandem with spray to define the sprayed spots.

Weed spray used by the Inc. is cost effective as it gives 12month grass growth control of the spot sprayed and gives the planting's a better chance of surviving, negating the need for follow up releasing (as some other sprays require) Manuka seedling spacing is 2m x 2m, and must be 2m from existing fence lines to be out of reach of browsing stock.

Vonda Houpapa, Committee of Management

Bee Aware Month.... September

Feed your bees by planting a bee friendly plants this spring check out

www.nba.org.nz/beeawaremonth/

Saturday 28 November AGM & farm visits...

Like last year, Luke (Koromiko Dairy), Dean (Paatara Dairy) and Rod (Upoko Sheep & Beef) will show you a bit of life on the farm; followed by our business figures and facts and elections (two retirements by rotation) at the Ngakonui Valley School - not to forget of course – Russian fudge!

Derek Wooster, Committee of Management

New owners...

Te Uranga B2 Incorporation Committee of Management has to keep an up to date Share Register listing the names and addresses of those who have succeeded to shares previously held by a blood relative.

Welcome to the following new owners, or existing owners who have increased their shareholding, as a result of confirmations made by the Committee of Management, so far, this year:

Gordon Melsom, Joseph Henry, Patricia Turner, Terry Haupapa, Leonard Haupapa, Marlene Haupapa, Charles Haupapa, Anthony Haupapa, Kenneth Haupapa, Colin Haupapa, Pixie Haupapa, Sandra Pyle, Nikita Wikaira, Boyce Te Wharemaru Ihakara Te Teira Il Taylor Whanau Trust, Rangi Tuwhangai, Cadena Tuwhangai, Caleb Tuwhangai, Hamish Tuwhangai-Chiles, Veda Tuwhangai-Chiles, Hayden Tuwhangai-Chiles, Adrian Kingi, Maida Brown, Myra Hiriaki, Angela Mason.

If you go to our website www.teurangab2.co.nz, click onto the Share Register link, you will see that

there are 100+ deceased owners whose shares have not been succeeded to. If you know or have connections to whanau of any of these owners who have gone then tell them to seek assistance from the Maori Land Court or even help them yourself to do their succession applications. It's very likely that the Inc. is holding dividends waiting to be paid to rightful successors!

Derek Wooster/Kaike Kereopa, Committee of Management

Introducing Rodney and Vanessa...

My name is Rod Walker and I have been farming all my working life. I grew up and attended school in Whakatane. At 17 yrs. of age I started my first shepherding job spending a big part of my farming career in the Gisborne and Wairoa districts where I progressed to management position. I enjoy



being a-hands-on manager and working alongside with my staff. Vanessa and I have four boys who love the farming life; our oldest son is head shepherd on Tukemokohi Stn. in Wairoa. I am looking forward to being part of the team on Upoko.



**Petania
Marae
Working
Bee –
Saturday
19
September.
Contact
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Tuwhangai**

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Comments and contributions welcome

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TE URANGA B2^{INC.}

*Te toto o te tangata, he kai, Te oranga o te tangata he whenua
Food supplied the blood of man; his welfare depends on the land*

www.teurangab2.co.nz