



Greater benefits for insurance clients from new linkage



The Hazlett Insurance Brokers team (from left): Sean Lysaght, Kristine Winter, Rebecca Stoop and Stephen Blyth.

Hazlett Insurance Brokers is now part of Australasia's largest insurance broking network, bringing a quantum leap in the support and resources available to it.

When Hazlett Insurance Brokers was set up in early 2010, it was joined to a group of some 36 like-minded New Zealand brokers which operated under the banner Allied Group.

This was a considered move that enabled access to a pool of services generally beyond the reach of a single brokerage.

In July last year, that advantage was multiplied many times by the Allied Group members electing to join up with a similar but vastly larger grouping based in Australia, Steadfast, which is the largest insurance broker network in Australasia.

The benefits for Hazlett Insurance Brokers clients from this alignment are various and substantial:

- Strength in negotiating policy enhancement with insurers;
- Greater assurance of competitive premiums;
- IT and other systems support;
- Support in negotiating problematic claims settlement with insurers;
- Active monitoring of relevant legislative changes, and advice thereof;

- The general assurance of support from a very large and well-resourced entity.

Steadfast was formed in Australia in 1996 when 43 independently-owned insurance brokerages joined forces. It is now Australasia's largest general insurance broker network comprising 306 brokerages with more than 500 offices across metropolitan and regional Australia and New Zealand.

It is an ASX 200 listed company, and generated over A\$5 billion in insurance sales in 2013-14.

NEW FACE AT HRL



STEVE LUDEMANN joined the livestock administration team earlier in the year.

The Blokes' Diary ...

July 02	Coalgate	August 13	Coalgate
July 09	Coalgate	August 20	Coalgate
July 16	Coalgate	August 27	Coalgate
July 23	Coalgate	September 03	Coalgate
July 30	Coalgate	September 10	Coalgate
August 06	Coalgate	September 17	Coalgate
		September 24	Coalgate

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Putting business governance into dairy

Sean Lysaght has just signed up the insurance of a large Canterbury dairy farming operation. Hayden Ross has been servicing this client's bull, cull cow and bobby calf business for some time now.

Sean and Hayden have their hands full, as this is no ordinary dairy farming business. It's a geographically-distributed undertaking, milking nearly 4000 cows next season under a disciplined corporate governance regime.

Terra Costosa ('expensive land') Limited is what has evolved from Tom Mason's decision fifteen years ago to come dairy farming in Canterbury.

A Lincoln graduate, he had worked for what was the Valuation Department for three years, before returning to his parents' Stratford farm. There he share-milked, and later expanded the farm which is still in the ownership of his 84-year-old mother.

With another shareholder, he and Suzie bought a dairy farm at Lauriston in 2001. Then in 2003, with two further shareholders, they bought another dairy unit at Dorie; this was the year the family moved to Canterbury. Four years later, they sold the Lauriston place to buy more land at Dorie, adjoining the existing dairy unit, which was converted to dairy.

Those three other investors are still shareholders today.

Currently the Dorie farms, totalling 575 ha, are milking 2000 cows, producing around 965,000 kilograms of milk solids, some of it for a winter milk contract.

The company had been grazing replacement heifers on a property at Alford Forest for some five years when in 2009 it bought that farm as well. They converted it and it is currently in its first season, with the 850 cows on target to produce over 350,000 kg.

Irrigation was installed there but that wasn't Tom's plan:

"We were looking for somewhere with enough rain that we didn't have to irrigate it. As it turned out it put me off grazing heifers in the foothills because



Tom Mason and Hayden Ross at Greenpark, with yearling bulls and a fodderbeet crop for the heifers in the background.

you get a long cold winter and it still gets dry in the summer, so there's not much of the year in which you can feed them. We never grew decent heifers up there."

The Masons settled two years ago on a block of land at Greenpark, whose proximity to Lake Ellesmere precludes any aspiration to milk cows on it, but Tom was confident he could rear the company's heifers on it and remain within the various environmental strictures — so confident, in fact, that they have bought another block even closer to the lake. The two blocks total almost 200 ha and carry 600 heifers; Tom has also discovered that the salt lakebed-based soils on these blocks grow excellent fodderbeet crops.

He looked to Greenpark as it was irrigated land with a good climate that could not be converted to dairy. But then two small dairy farms in a less sensitive neighbourhood locally came up for sale and their purchase was recently finalised.

Those farms total 180 ha and the intention is to replace the two existing cowsheds with one new one. Another 60 ha have been added for heifer grazing.

"So we're going to milk another 700 cows up here this season, and lift heifer grazing to 800-900."

Independently of the company, the Mason family in 2014 bought some 330 hectares at Greta Valley to carry service bulls plus cows held over for calving

in the autumn. The idea is to provide the company with a reliable Jersey bull supply.

"We didn't want to be doing that on \$50,000/ha irrigated Mid-Canterbury land and we didn't want to go up in the hills where it gets wet and cold, so we wanted coastal.

"We have aggregated all our Jersey cows, and we get our Jersey bulls out of that herd; we buy them as weaners off the company and take them up there. Some of them we use ourselves and the rest HRL leases out for us."

The Jersey herd is currently at Alford Forest but will be coming down to Greenpark "... because they're small and light and won't make so much mud when it gets wet here."

There is obviously a strategy here towards integration and self-containment, but the one last piece of the puzzle, wintering cows on their own land, is not on the table.

"We have good relationships with two cropping farmers, one next door at Dorie, and another at Rokeby where we have been wintering for 10 years. We won't buy a block of land for that while we have those relationships.

"Ten years ago we were a nuisance to them but now pretty much their whole cropping programme is based around our cows."



What sets this operation apart from others of this size is its governance. It is no coincidence that when Tom was awarded a Nuffield Scholarship in 2005, he chose corporate governance in agricultural co-operatives as his research topic. He attended the advanced course in agricultural business management at the Imperial College Wye campus in Kent, looking at EU and UK farming.

Terra Costosa has a formally functioning board of directors that meets every 3-4 months; it comprises the four shareholders, with an independent director added about two years ago — selected for strong expertise in the dairy industry ex-farmgate.

“We’re not doing things on an ad-hoc basis; we’ve got a five year business plan, we’ve got a strategy; every time we’re looking at doing something significant, we put together a proposal backed by decent discussion and so on.

“Doing things professionally gives the bank confidence. We keep them informed, and they come to our meetings. Each month each farm manager sends me a report; I add the higher level stuff and then we send a monthly report to the board and that also goes to the bank and the accountant.”

So Tom is the company CEO, but he is already thinking about who will be the next one.

“For the business to endure, we need a structure that’s not dependent on me.”

Henry Mason is in his last year at Lincoln, and Tom would like to think he is the next CEO.

“But it’s not a structure that’s dependent on Henry coming in, either. He might want to be involved just at a governance level.”

Henry is eyeing banking or farm consultancy work to further his farm business experience. As Tom says, to take over running this business, he doesn’t need to further his farming experience:

“He only needs to know enough about cows and grass that people can’t pull the wool over his eyes.”

The obvious question is whether Terra Costosa will keep expanding. Tom Mason:

“My grandfather milked 25 cows. My father milked 250 cows. We’re milking just under 4000 next season. So how many is Henry going to milk?”

FROM THE GM

David makes reference below to the awful drought prevailing in North Canterbury and our thoughts go out to all those farming people affected. We are fortunate that the dry is not more widespread; that’s no consolation if you’re in the middle of it, I know, but it does mean that relief grazing is not that far away. We just hope that the El Niño forecast does not herald more trouble ahead through winter and spring for a greater area.

The markets are all over the place just now. Anyone who reads a newspaper knows the dairy situation; the predictions of an upswing next season, albeit slight, will at least give our dairy farming people some hope that everything will turn out ok eventually. On the sheep front, there are warning signs for lamb values, but the declining sheep numbers are seeing a rise in crossbred wool values which I’m sure we would all agree has been a long time in the coming.

Beef seems to have established itself at a new normal of per-kilo prices that start with a five; we all hope the days of four are gone and that we can now look forward to US demand pushing it into the sixes!

Finally, it’s with regret that we farewell Simon McAllister who is leaving at the end of June for family reasons. The rural supplies model we now have firmly established will remain, of course, and we welcome Scott McLlroy who is based in Darfield to service the central Canterbury area. He will in due course be supported by another appointee to cover North Canterbury. A further full-time/part-time addition to our rural supplies team is Errol Collins, who will be known to many readers as the former Crusaders and latterly All Blacks logistics and baggage man (and “Dad and Mum”, as he puts it). Errol is undertaking rural supplies deliveries for us.



Here’s wishing everyone a mild winter and early spring.

Ed Marfell
General Manager

A NOTE FROM DH

Times have got a bit tough, with markets not playing ball and economic volatility executing its strength — coupled with a history-changing weather patterns in North Canterbury giving our farming people an absolute spanking. A great majority of those farming entities are now running at well below their usual stocking rates.

We can’t change markets and we can’t change the weather. What we can do is communicate as people. Communication should be at the top of our lists of KPIs. Some believe it is a sign of weakness to speak out when times are tough, but really, it’s a sign of weakness not to speak out. A great deal can be gained by sharing your experiences with others and everyone generally looking out for each other in the face of adversity.

The mud/dust/economic environment is getting thick so we have to drop down a gear and box on. As Winston Churchill once said, when you’re going through hell, keep going.

There is help out there: we are placing as much stock as we can on grazing in Central, Mid and South Canterbury and I would take this opportunity to salute the farming people in those areas who are helping us out.

If you are wondering how you’re going to get through, please give us a ring. We’re not magicians, but it never fails to surprise me what can be achieved when farming people are prepared to put resources at the disposal of beleaguered colleagues.

And remember ... everything will be alright in the end!

David Hazlett
Rural Bloke

Rowan Sandford *Livestock bloke*

As readers of the farming pages in *The Press* (June 5) will now know, Rowan Sandford is a young man on a mission. At 22, Rowan already has several years of finishing trading lambs and heifers on leased land behind him, an enterprise started while he was still at Lincoln. It's grown to the point where he has employed a student to help him. And he has established a small Charolais stud, Topaki Charolais, on the Greenpark property of the Fisher family.

He has won several industry awards and is chairman of the Central Districts RAS Youth Council and vice-chairman of the national council. He has high hopes for the role of the A&P movement going into the future.

Rowan hails from Maraekakaho, just south of Hastings, where his family runs a sheep, beef and deer operation.

He came to HRL late in 2013 and took up his current full-time role in January 2014. He lives in Weedons and services the Banks Peninsula and Ellesmere areas. Unsurprisingly his work is mainly in sheep and beef, with a little dairy work from time to time.



He finds his own finishing operation, which uses anywhere between 30 and 50 hectares, is a benefit in dealing with clients, as it gives him a higher level of common ground with them. But he is careful not to let those activities get in the way of his day job — the main reason he took on an assistant.

"I do plenty of work after hours, which is a lot easier in the summer time with daylight saving, and I enjoy it so much that I don't mind doing it in the weekends as well.

"HRL are very supportive but I've got to make sure that I put my clients' priorities first. When stock comes up, I have to make sure that the clients' orders are filled before dealing with my own requirements, but I find no difficulty in doing that."



Sometimes we release people for holidays. This is our newsletter editor Dave McKinnon learning how to swim in Nuie. We assured him the hat would keep him afloat. The quarterly \$250 donation goes to Red Cross.

HRL

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