



ATS supplier farming people

HRL news

Hazlett Rural Limited



Lamb: So what happens next?

Now that the lamb schedule has come off its historic high, everyone's wondering what happened, and what will happen next.

Our contacts in the meat business say the recent peak in sheep and lamb values was caused by a specific market situation that was then compounded by global financial crisis (GFC) fallout, currency strength and, after an unusual year, a return to more normal market conditions. Centre stage is the traditional Easter demand in UK and Europe for chilled lamb, an opportunity that New Zealand has met brilliantly in recent years.

That a tiny country at the bottom of the world can put fresh lamb on Northern Hemisphere supermarket shelves which competes well with local production is something to be celebrated and a fair reward for all the work the meat companies have put into developing it over a period of many years.

Coming out of a year when lamb production was short, the companies this season were determined not to miss out on the traditional Easter market for chilled lamb, and worked to put as much product as possible into that market. This, along with other factors in this country, drove the price to that peak of around \$8/kilo.

This was happening against a background of strong frozen sheep meat values which, because of short supply, rose so far as to almost match that of chilled lamb during the 2010/11 season.

Mutton prices, too, were carried along by the overall shortage of frozen lamb, with

a lot of customers substituting mutton for the frozen lamb they could not obtain.

In the last few months, however, the UK and European market has returned to the lower level of buying activity typical of the Northern Hemisphere for post-Easter arrivals. And the market has meanwhile kicked back as well, with end-users who would otherwise take mutton and lamb looking for alternatives such as chicken and pork. The GFC and general European economic conditions only serve to compound the situation.

And so back here, the schedule has been reset accordingly.

It appears that demand may remain flat until mutton and lamb become attractive for those buyers again, but many of them are holding off because of uncertainty. Meat companies are trying to keep overseas market returns up, but supply and demand have ultimately been the drivers of the schedule.

The six-week period before Easter sees a hiatus in the market anyway: the importers have bought to cover chilled lamb demand for Easter, and they tend to wait and see if there's any chilled lamb left in stores after the holiday weekend,

which influences their buying decisions for the next period beyond Easter, through the winter and leading up to Christmas.

But we are assured the flat situation will resolve itself once those sitting on residual stocks have cleared them. Those stocks will eventually be sold. Then the market will return to what we consider to be normal. But that won't be until after that post-Easter review of sales.

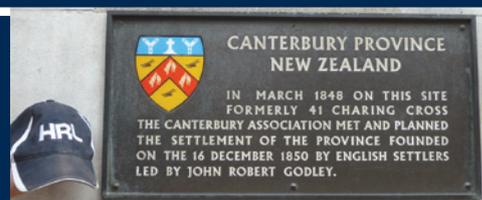
With lamb production no longer rising in New Zealand, and sustained strong demand from less traditional markets such as China, the consensus among our contacts is that the future for lamb is bright, especially for that high-value chilled lamb niche which is firmly established — and set to grow, releasing New Zealand from its historic market position in the UK and Europe as solely a producer of frozen sheepmeat.

The message we're getting loud and clear is that, while the recent schedule drop has been dramatic, there is a clearly established place for chilled lamb in the market which will remain, which does represent an increasing opportunity for producers to boost returns — and which is therefore worthy of farmer's support.

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On a recent visit to London, a mate of the company Rusty Andrews wanted to cement HRL's place in history. Rusty has asked for this month's \$250 donation to go to Nurse Maude.



FROM THE GM

We've seen dramatic change in livestock prices since the last newsletter. Where they are now is lower than we'd all like, but there is an upside to come with the winter trade. I think most farmers recognise that. If you look at the ewe fairs, we saw good demand. The calf markets promise to be as good as, if not better than, last year. Coupling that confidence with the high levels of feed to hand — hay and silage as well as grass, it's fair to say we're looking forward to a reasonable autumn.

We've seen strong enquiry, too, for our livestock funding packages as clients look to maximise their opportunities, and we encourage that.

The Insurance business took another hit from the December earthquake, with insurers again drawing boundaries around the new business they are prepared to write, but it is pleasing to see the insurance team picking up new business outside those areas. We welcome Rebecca Stoop to the team, replacing Trish Thorne who has left us.

The Rural Supplies boys are starting to hit their straps now, too. More suppliers are coming on board as they recognise the worth of our unique rural supplies business model that places personal customer service and value above bricks and mortar operations.

It's also a pleasure to welcome Hayden Ross, another trainee. Hayden will be working in Mid-Canterbury alongside Marty Amos and David Hazlett.

I'd like to record my personal thanks to the team in the office for getting us through what has been a very busy season. They waged the paper war valiantly and kept things running remarkably smoothly.

At this time of year, we put out the call for photos for next year's calendar — it's never too early to start getting good seasonal shots. It's your chance for overnight fame! We're also on the lookout for more hat pictures, and that's your chance of tipping \$250 into your preferred charity.

Get snapping, folks!

Ed Marfell
General Manager



Time for a fresh look at insurance

The end of March is not just the end of the tax year, it's also time for many of us to renew insurances.

If you haven't had your policies reviewed for some time, maybe it's time to move to a broker who is proactive in that department — every year.

As everyone knows, the insurance landscape has changed. Premium increases call for more creative approaches to risk minimisation. HRL Insurance knows farm insurance better than most, so perhaps it's time to call Sean Lysaght (0274 462 0123) for a no-obligation chat.

Growing already!

Meanwhile, the HRL Insurance has been growing strongly on the back of its superior and committed client service. Maintaining its own high standards has called for an additional broker and Brad Mackenzie is moving into this role. Brad will continue to spend some of his time with the livestock business in the meantime but will in time become a fully-fledged insurance broker.

Brad joined HRL in 2008, the company's first official staff member. He has a Dip Ag and a New Zealand Diploma of Business. Sean reckons that's the ideal profile for a broker with a strong bias towards rural insurance.



HRL Insurance sponsored client Kate Woods in the recent Coast-to-Coast. Kate's another young person showing great promise: it was her first attempt at the longest day and her time of 15 hours and 27 minutes placed her 10th in the Open Women's Class.

THE BLOKES' DIARY ...

March 30th	Culverden	1st Calf Sale
April 3rd	Coalgate	All Stock
April 4th	Cheviot	Steer Calf Sale
April 5th	Cheviot	Heifer Calf Sale
April 11th	Coalgate	All Sheep & Calf Sale
April 13th	Culverden	2nd Calf Sale
April 19th	Coalgate	All Sheep & Calf Sale
April 20th	Culverden	3rd Calf Sale
April 26th	Coalgate	All Stock
April 27th	Culverden	4th Calf Sale
May 2nd	Coalgate	All Sheep & Calf Sale
May 10th	Coalgate	All Sheep & Calf Sale
May 17th	Coalgate	All Stock
May 24th	Coalgate	All Stock
May 31st	Coalgate	All Stock
June 7th	Coalgate	All Stock
June 14th	Coalgate	All Stock
June 21st	Coalgate	All Stock
June 28th	Coalgate	All Stock



CLIENT PROFILE: Ross and Garth Stewart

**Garth (left) and Ross Stewart:
Using Brian Brice's eyes on the market.**



Taking cues from the market

Here's a farm that relies more than most on a good stock agent.

Father and son Ross and Garth Stewart farm 250 hectares, all under irrigation, in Greenpark where Ross started on 56 hectares in 1976. Up until two years ago, it was a town supply dairy farm and stud, as many dairy farms were in this neck of the woods at one time.

The home block is now 100 hectares, and home to a 400-cow seasonal dairy herd under the management of Andrew Grant who works with one assistant. Well, it's run as two separate herds actually.

The cows are fed grain and molasses in the 16-aside herringbone throughout the season as well as vegetable waste that the Stewarts are able to access from Wattie's. The shed was a state-of-the-art job, with all the cows wearing ID collars, when it was built back in 1996, and it's still about as good as it gets this side of robotic milking.

A fixed number of sexed semen straws — typically 200 — is used across the cows for a limited period. Then Hereford bulls are put out to produce the beef stock for the rest of the farm, a 150ha runoff a couple of kilometres away.

Garth runs this block in addition to an adjacent one of his own, 26 hectares where he grows vege seeds, this year pak choi, and runs "... a bit of stock of my own."

The runoff is a dairy support, sheep, beef and cropping unit.

"We find it quite useful cross-grazing the sheep with the cattle to manage the worm burden."

There wasn't going to be any sheep on the block this year (Ross and Garth sold their small ewe flock a couple of years

back) because they thought they would be too dear but, as can often happen, opportunity arose out of other farmers' hard luck, in this case drought-strapped Southlanders. They had 730 lambs on when we called.

The beef complement is mainly from the dairy herd: progeny of the beef sires, along with one and two-year-old replacement heifers plus a handful of younger cows that didn't get in calf last season but considered good enough to be worth another chance at getting in calf; holding carryover cows is something that has been economic during the numbering up from town milking but it won't be regular practice.

Then there's crop. This year that is 27 hectares of maize, all bar a third of it to be sold, and 25 hectares of vining peas for Wattie's. Kale for winter feed and turnips for summer are also on the programme here, and it is where all hay, silage and balage requirements are made — with 400 cows on 100 hectares, all growth on the dairy unit is well and truly spoken for. And with the rising cow numbers, the runoff is not enough to enable all the cows to stay home all winter: "We winter-grazed off the farm for the first time last winter, 300 of the milking herd, up at Sheffield."

There is an interesting aspect to the way Ross and Garth manage this runoff block. All stocking decisions are made not on the amount of feed that's available, but on what opportunities the market is currently offering — while taking care not to over-stock, of course.

The thinking is that if you're buying and selling according to your grass growth, you'll be buying at the top of the market

and selling at the bottom.

This calls for a high level of market intelligence and nimbleness, and that's where Brian Brice comes in.

"We were very lucky when Brian dropped in on us about 14 years ago. We've kept following him ever since. He's the one who's enabled us to get where we are," says Ross.

"We rely on him a lot because we don't know the market. It changes from week to week, so we have to rely on someone who's in the business all the time. We can then focus on making all this work. We couldn't be doing what he does while watching all this as well," Garth adds.

And, importantly, as Ross observes: "Brian always knows what we've got."

There is a high degree of trust in the relationship, they say — and a dimension of loyalty that goes both ways:

Ross: "You've got to be loyal if you expect loyalty back."

Garth: "He's always looked after us so why change?"

A note from DH

One of the most exciting aspects of building a new business is creating new opportunities in our industry for promising young people.

Recently, Ben Lill and Hayden Ross have joined us as trainees, working straightaway out in the field beside experienced blokes. There's no initial training period in the office at HRL!

I've always said that we are building this business for our farming people and our families. That means we need to secure an enduring place for the company. Nothing is more important in achieving that than bringing in new young blood.

These young blokes are HRL Tomorrow and they'll be the movers and shakers when some of us gummies have moved out of the road. So I'm hoping that you'll see the sense in helping us to help them by lending them all the encouragement you can and sharing your wisdom with them as the opportunity arises. We're all in this together, remember.

David Hazlett (Rural Bloke)

STAFF PROFILE ...

Phil Manera

Phil comes from Kakapotahi, just south of Ross, where his parents are still farming. He joined Wrightson in Greymouth straight from school in 1986 where he started into the usual round of junior's jobs — in the merchandise store, as a stock clerk etc.

He later moved to Timaru to become a trainee livestock rep where he stayed for four years; then he went to Geraldine as a junior rep, and thence to Darfield where he's been for the past 14 years. In November 2010 he changed companies but not territory: his efforts are still focused on the Central Canterbury district west of the main road.

Of his move to HRL: "I'm happy that I moved. It's a good team here, and it's good to be back with my old mates — these are all guys that I've worked with previously.

"It's a great team environment. Everybody's happy, so it's a great team to work in."

And he's enjoying the benefits of working in a smaller business:

"One of the benefits of working in a smaller company with less hierarchy is if you've got a problem you can go right to the top and you get an answer



straightaway instead of having to go through three or four people who don't want to make a decision."

Phil, Julie, Jack (12) and Grace (11) live on a West Melton lifestyle block along with "... too many ponies and not enough sheep." Jack's into rugby, swimming and trail bikes, so Dad is too, while Julie and Grace compete their ponies widely around the region.

Phil is Club Captain at West Melton Rugby Club, which he enjoys most of the time. That last point is rather more applicable than it used to be, with touch and other activities stretching rugby administration well beyond the traditional winter months. Club captaincy can be a demanding job — "...it takes quite a bit to run a rugby club these days; we've got eighteen teams, from the little fellows up to Div One..." — but Phil says he's supported by a good committee.

Ready for NAIT?

Pending the passing of the legislation, the National Animal Identification & Tracing (NAIT) scheme comes into effect on July 1st.

From that date all cattle will have to be tagged with NAIT-approved radio frequency identification device (RFID) ear tags before leaving the property or within 180 days of birth.

Deer enter the scheme nine months later, on 1 April 2013.

Existing capital breeding stock are exempt for three years — except if they leave the property. There are very few other exceptions, the main one being bobby calves going straight to slaughter.

HRL Rural Supplies' Rob Sharkie says farmers should plan to tag animals when they are young — they're easier to handle and you can utilise the RFID technology for the life of the animal.

"The most important thing is to make sure you've got all the gear ready. We can help out with tags, the reading gear and the scales. If any client has any questions at all, please give us a call."

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