

TE ARAWA PRIMARY SECTOR INC.

'POSITIONING TE ARAWA FOR THE FUTURE -

HE ARATAUA MO TE ARAWA'

'ARATAUA'

STRATEGIC PLAN

5-10 YEAR STRATEGIC PLATFORMS

2013-2023

June 2013



Te Arawa Primary Sector Inc.

***'He Arataua mo Te Arawa
Positioning Te Arawa for the Future'***

He Whaingā:

"To lift the performance of its members through reducing costs, increasing productivity, and working collaboratively"



Te Arawa Primary Sector Strategic Plan

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SECTION 1. HE TIROHANGA WHANUI (OVERVIEW) - TAPS

Introduction

The purpose of this strategic report is to provide an overall picture of when the Te Arawa Primary Sector was established, what it has achieved over a relatively short period, and where the collective is headed on both the short and long term.

The Te Arawa Primary Sector (TAPS) Collective was officially established on the 31 August 2011 where 15 individuals representative of a number of Te Arawa land blocks signed a register in Nukuteapiapi to form an incorporated society. The primary members were those Te Arawa organisations or individuals that own, control or administer land utilised within the primary sector industry (agriculture, horticulture, forestry, geothermal).

TAPS Kaupapa:

To lift the performance of its members through reducing costs, increasing productivity, and working collaboratively.

In March 2012, a contract was signed with Te Puni Kokiri (TPK) to provide funding for the establishment of a framework whereby its proposed strategies could be implemented.

Since its undertaking under the TPK contract TAPS has undertaken an initial stocktake of nine of its organisations, surveyed a further 12 to identify each entity's goals, aspirations and more importantly what can TAPS do for their organisation and what does it seek to gain as a member of the collective. In Stage III a benchmarking exercise was carried out 11 farms operating nine individual dairy businesses and nine individual dry stock businesses. The results were varied with the dairy units performing above the national average while the dry stock units were slightly lower at the time of assessment.

Dairy (9 entities):

- 1,955ha
- 5,864 cows
- 1.81m kg MS
- 925kg MS/ha; 308kg MS/cow
- Owner-manager EBIT of \$2,676/ha (\$3.16/kg MS)
- Owner with 50:50 EBIT of \$1,987/ha (\$2.09/kg MS)
- Higher performance than district averages

Dry Stock (9 entities):

- 5,704ha



- 54,338 SU wintered/ 9.8 SU/ha
- 49% sheep, 42% cattle, 9% deer
- Lambing (122%) and calving (88%) above industry comparatives
- Average EBIT (\$164/ha, \$16/SU) below comparable industry(\$182/ha, \$20/SU)

In Stage IV a number of primary initiatives were initiated around the establishment of strategic partnerships, collaborative frameworks, and centralised solutions. A strategic partnership with two Tairāwhiti based collectives, the Taumata Group, and Potikirua ki Whangaokena (PkW) has been established formulating closer economic ties with our Ngāti Porou whanunga. From these partnerships has evolved a number of concept strategies. The Tuhono Whenua Māori Red Meat Coalition, the Tuhono Whenua National Benchmarking for Māori Pastoral Agribusinesses, and the Tuhono Whenua Dairy Productivity Project incorporating the Whole Farm Assessment study in conjunction with Dairy NZ. On offer at the time of writing this report is the Tuhono Whenua Sheep and Beef Productivity Project in partnership with Beef + Lamb NZ. This project will incorporate the Te Kautā and Te Ao Māori Governance strategies to address issues of training and governance in conjunction with Primary Industry Training Organisation (PITO).

Forestry

A forestry survey has been commissioned to ascertain the amount of forestry stock under Māori ownership or on Māori land within the Te Arawa rohe. The results of this survey will provide an overall picture of where we are in terms of forestry holdings. The survey will also identify how much of the forests are either freehold, leased, under forestry right or joint venture, annual rental and stumpage share received, number of rotations and when the current rotation ends. Also and importantly is the species that is being grown, topographical information concerning the land contour, and methods of extraction i.e. hauler or ground based logging. Forestry information received to date but not part of the survey is listed below.

Forestry Area (estimate):

- | | |
|----------------------|----------|
| • Rotoiti 15 | 8,425 ha |
| • Mangorewa Kaharoa | 2,532 ha |
| • Rotoma No.1 Inc. | 1,290 ha |
| • Taheke Paengaroa | 900 ha |
| • Paehinahina Mourea | 578 ha |
| • NWTL | 450 ha |
| • Tautara Matawhaura | 860 ha |
| • Taheke 8C | 549 ha |



- Te Paiaka Lands Trust 60 ha
- Kapenga M 100 ha
- Waerenga Pukahukiwi 600 ha
- Kokako 48 ha

Strategic Partnerships

To facilitate the development process and the effectiveness of its strategies, TAPS has formed key relationships with its strategic partners: Perrin Ag, AgFirst, AgResearch, SCION, Waiariki Institute of Technology, Bay of Plenty Regional Council, FoMA National Office, Te Arawa FoMA, Te Puni Kokiri, Te Tumu Paeroa (New Maori Trustee), Poutama Trust, First Light Ltd, Interpine Ltd, Dairy NZ, Beef + Lamb NZ, Ministry for Primary Industries, and PITO.

Member Organisations

TAPS is currently made up of 26 signed member organisations and 15 affiliate organisations (41):

1. Ngati Whakaue Tribal Lands Inc.
2. Waerenga Pukahukiwi Ltd
3. Kokako Trust
4. Paehinahina Mourea Trust
5. Onuku Maori Lands Trust
6. Rotoiti 15 Trust
7. Mangorewa Kaharoa Te Taumata Trust
8. Kapenga M Trust
9. Parekarangi Trust
10. Rangatira E Trust
11. Tautara Matawhaura Trust
12. Pukeroa Oruawhata Trust
13. Rotohokahoka F9 Trust
14. Rotohokahoka F6 Trust
15. Waiteti Farm Trust
16. Te Paiaka Lands Trust
17. Te Tumu Kaituna 14 Trust
18. Taheke 8C Inc.
19. Waerenga East West Inc.
20. Maraeroa Oturoa 2B



21. Te Arawa Management Ltd (TAML)
22. Whakapoungakau Lands Trust
23. Rotoma No.1 Incorporation
24. Taumanu Trust
25. Taheke Paengaroa
26. Waipupumahana A1B2

The following 15 land blocks have indicated an interest in joining the Collective:

1. Paengaroa South 3
2. Paengaroa South 4
3. Paengaroa South 5
4. Ruahine Kuharua Incorporation
5. Haumingi 1A2
6. Haumingi 9B3B Trust
7. Rotoiti 9
8. Tikitere C
9. Tokerau A13
10. Haumingi 8
11. Haumingi 18
12. Rotoiti 3V3
13. Te Rurunga No.10
14. Waione 3B8 Incorporation



Figure 1. Location of TAPS Organisations



Executive Committee

A large Executive committee makes for a good level of representation for its member organisations. Decision-making processes are robust, well planned, and strategically decided upon to ensure the interests of the members and the kaupapa of the collective is enhanced.

Executive

Tanira Kingi Ngati Whakaue Tribal Lands (NWTL), Te Arawa Management Ltd (TAML)

Barnett Vercoe

Paehinahina Mourea Trust, Onuku Lands Trust

Tina Ngatai

Te Arawa Management Ltd, Rotoiti 15 Trust, Ngati Whakaue Tribal Lands (NWTL), Maraeroa Oturoa 2B

Wiremu Keepa

Kapenga M Trust, Ruahine Kuharua Inc.

Arthur Warren

Mangorewa Kaharoa Te Taumata Trust

Wally Lee

Kapenga M Trust, Waipupumahana A1B2

Roku Mihinui

Kapenga M Trust, Te Arawa Lakes Trust

James Warbrick

Parekarangi Trust

Huia Te Hau

Parekarangi Trust

Airini Hepi

Kokako Trust

Tony Whata

Tautara Matawhaura Maori Lands Trust

Hera Naera

Whakapoungakau Lands Trust, Waiteti Farm Trust

Bill Young

Te Paiaka Lands Trust



Kaumatua:

Piwiki Heke

Whakapoungakau Lands Trust

Pihopa Kingi

Pukeroa Oruawhata Trust

Tawhiri Morehu

Taheke 8C Incorporation

Toby Curtis

Te Arawa Lakes Trust

Land Resources and Asset Utilisation

Of the 41 organisations TAPS has data on 18 with the remainder to be collated once the formal consents have been agreed to and the information is made available.

Organisation	Area (ha)	Pasture (ha)	Dairy (ha)	Cows	SUnits	Forestry (ha)
Rotoiti 15	8,590	165	115	298		8,425
Mangorewa Kaharoa	3,645					2,532
Rotoma No.1	1,290					1,290
Taheke Paengaroa	900					900
Paehinahina	869					578
Ngati Whakaue TL	2,750	2,120			25,608	450
Tautara Matawhaura	2,375	1,515			15,022	860
Taheke 8C	1,024	475			4,550	549
Whakapoungakau	849	600			4,625	
Te Paiaka	713	466			5,978	60
Maraeroa Oturoa	355				700	
Onuku Trust	2,430	1,595	627	1,770	11,883	121
Kapenga M	1,890	1,456	334	994	10,543	100
Waerenga Pukahukiwi	832	762	400	1,150		600
Parekarangi Trust	810	598	352	949		
Kokako	768	695	636	1,250	1,116	48
Te Arawa Mgmt Ltd	380	310	310	1,200		
Total	30,470	10,757	2,774	7,611	80,025	16,392

Table 1. Summary of 18 TAPS land blocks



SECTION 2. MILESTONES

Te Puni Kokiri Project

In March 2012 TAPS received funding from Te Puni Kokiri to establish a framework on which the objectives outlined in its Charter were to be based. The project was divided into four stages culminating in the drafting of this Strategic plan thus setting out the blueprint for its future over the next one to five years and beyond.

Stage I entailed a stocktake of some of the TAPS organisations that made available information and data on their respective business operations. Nine land blocks were surveyed providing a snapshot of land area, forestry stocks, type of business operation (dairy, sheep, beef, dry stock, forestry, horticulture, commercial), revenue, assets and liabilities.

Stage II was a survey specifically targeting the chairs of each of the nine Stage I organisations plus a further three to identify each of their goals, aspirations, concerns, and most importantly what advantages or benefits does the organisation expect from being a member of TAPS and what would your organisation like to achieve from being a member of a collective such as TAPS? The organisations wanted to see their lands continue to provide benefits for their respective shareholders, to continue or become more environmentally sustainable, upskilling of trustees and directors, leadership support, succession planning and to collaborate with other likeminded Maori land owners both within and outside of Te Arawa. The members viewed TAPS as the most appropriate vehicle for these goals to be achieved.

Stage III of the project consisted of a benchmarking analysis of 11 individual Maori economic entities (Appendix 1) operating 9 individual dairy and 9 individual dry stock operations. **How well are we doing?** The benchmarking analysis provided an operational and economic snapshot of those farming operations with overall results showing a higher average performance for dairy with slightly below comparable industry average for dry stock (Appendix 2). An updated analysis will be furnished at a later date once the 2011/2012 data is made available. The benchmarking results may be utilised further down the track in conjunction with information received through a Land Use Capability (LUC) exercise that is in waiting and will be carried out by BoPRC to produce GIS mapping data on a 1:5000 scale. The resulting information will provide farms with valuable information on their property's land use capability or whether a possible alternative use could be a better option.

Stage IV consisted of a number of significant strategies culminating in a visit from the Taumata Group and Potikirua ki Whangaokena (PkW) collectives from Tairāwhiti. This strategic relationship was cemented with the recent return visit by TAPS members to Gisborne to forge new collaborative networks and develop marketing synergies to capitalise on the value chain market. Discussions are currently being held to establish Wagyu beef producer farms in Te Arawa in conjunction with the



Taumata Group, PkW, and First Light Ltd. The Wagyu beef market is a high-end commodity that delivers a premium product to the overseas market with premium returns.

Other strategies that have been established with TAPS include:

- Tuhono Whenua National Benchmarking Project
- Tuhono Whenua Maori Red Meat Coalition Project
- Dairy NZ Whole Farm Assessment (WFA) strategy
- PITO (AgITO) governance and training courses

These strategies have national significance and in particular the governance and training courses where TAPS has been chosen to pilot a new governance training initiative, Te Ao Maori Governance project designed specifically to meet the needs of Maori in governance positions.

As part of its performance strategy, TAPS commissioned AgResearch to carry out a Red Meat Value Chain Model analysis for specific Maori agribusinesses. The outcome is the development of a value chain model tool for TAPS and looks at the current livestock supply to the meat processor and the value of a collaborative value chain partnership with selected meat products where ownership is retained by TAPS for marketing to customers. The report will effectively be part of the overall red meat strategy for TAPS and provides a qualified analysis of the red meat value chain along with a model that would have been beyond the capabilities of the TAPS members individually.

SECTION 3. FUTURE PATHWAYS

A number of strategies have either been started or are in the process of commencing. As stated earlier in this report, TAPS is undertaking an inventory of its forestry stocks. The results of which will not only assist in the establishment of its own forestry strategy but will form the basis of a national Maori Forestry Strategy looking at a number of key issues concerning Maori forestry land blocks along with Maori aspirations of becoming major players in the forestry and timber industries.

Tuhono Whenua National Benchmarking for Maori Agribusinesses in the Pastoral Sector.

This Tuhono Whenua National Benchmarking Project is being run in partnership with AgFirst, FoMA National Office, Te Tumu Paeroa (New Maori Trustee) and carried out on a number of farm blocks under the Taumata Group, Potikirua ki Whangaokena (PkW), and TAPS. The project will look at setting up a national database that will store data on each of the farms performance measures and will be accessible by each of the farms. By comparing the data, measures and structures can be implemented that will lift any performance or operational deficiencies.



Tuhono Whenua Maori Red Meat Coalition (Red Meat Strategy)

The Red Meat Strategy (RMS) is being driven by FoMA and Te Tumu Paeroa and was formed with the specific purpose of advancing Maori collaboration within the red meat sector that will provide sustainable returns for its members – Trusts, Incorporations, Companies involved in the Maori agribusiness sector. The concept entails the development of a billion dollar international business with a well thought through marketing strategy that builds on an integrated value chain model. The end result is a value chain model that allows for greater supplier control of their products ensuring greater financial returns. The strategy utilises the “One Farm” principle to take better advantage to participate in the value chain, based around **participation** and **control**.

An important strategy that has emerged within the project is the establishment of a Wagyu supplier network in conjunction with First Light Ltd. The strategy is on the cusp of being actioned in Te Arawa with important discussions taking place to establish Wagyu beef suppliers on some of the TAPS dry stock farms. The strategy is in collaboration with a number of dry stock farms in the Taumata and PkW groups and will endeavour to seek greater access to the value chain and ultimately provide greater profits to the participating organisations and their shareholders.

Tuhono Whenua Te Kauta and Te Ao Maori Governance and Training

A strategic partnership has been formed between TAPS and the Primary Industry Training Organisation (PITO) formerly AgITO to develop governance, management, and training courses for TAPS members. The first stage of the project entails an analysis of what training courses are required and in which specific areas. From there courses will be developed that are structured to meet the needs of the clients. The Ministry for Primary Industries is rolling out this initiative in conjunction with the TAPS organisations. The project is part of the new training initiative **Te Kauta** that seeks to address issues of training deficiencies within the Maori agribusiness sector. Te Ao Maori Governance programme is one of those initiatives that will target issues at management and governance levels.

Dairy NZ Whole Farm Assessment (WFA)

Four TAPS organisations have been invited to participate in this project, which entails a full assessment of the business operation carried out by MPI. The result is an ‘operational farming report’ that identifies any strengths or weaknesses within the business from operational methods, accountancy, to governance structures. The purpose of which is to see if any measures can be introduced to improve performance.



Strategies on the Horizon

Forestry

In conjunction with the forestry stocktake currently being carried out by TAPS, a National Maori Forestry strategy, co-lead by FoMA, SCION, and Waiariki Institute is about to be established. The launch of this initiative will commence on the 16 August 2013 with a Maori Forestry Forum held in Rotorua. The theme of the Forum is “Unlocking the potential of Maori forestry – innovations and aspirations” and is aligned with the new Maori Economic Development Plan, “*Hei Kai Kei Aku Ringa.*” Forestry is the sleeping giant for Maori land blocks many of which have been both active and passive participants in the industry for many years. The strategy looks to move more Maori forestry landowners out of the passive sector where rentals and long-term leases are the norm to be active participants and to seek greater control of the whole value chain. It is a sector within the primary industry where Maori can have a significant controlling influence of this valuable commodity. From owning the land, propagating, harvesting, to processing and marketing. This is where the greater returns are for Maori and these will be the focus areas.

Manuka Honey

TAPS is part of a strategy in conjunction with FoMA and Poutama Trust to establish a Maori Miere (honey) Coop to advance the Maori Manuka honey sector along with other honey brands. Formerly known as the Maori Manuka Honey Coop, the group has decided to take a wider approach and incorporate other honey brands into the mix such as Kanuka and Five Finger varieties. A strategy is currently in the development stage with key organisations involved in the industry along with Maori landowners that will look to establish a greater share in the market. The upshot is not only to provide greater financial returns for the landowner but to also provide employment and career opportunities for young people living in small rural communities. Manuka honey in particular ticks many of the boxes for Maori development, namely environmental sustainability, native resource species, healthy product, significant financial returns for investors, employment and career opportunities.

Tuhono Whenua Sheep + Beef Productivity Project

In a similar capacity to the Dairy NZ WFA project, Beef + Lamb NZ have partnered with FoMA to implement a strategy with Maori owned agribusinesses to increase productivity and economic performance. The project will focus on four to eight farms that have a drive to improve management and performance capabilities. Benchmarking comparisons to address key questions, “How can this farm do better? Are there any issues/causes involved? What are the potential remedies? Data will be compared to information compiled through BLNZ Monitor farm programme, Ahuwhenua data, Ministry for Primary Industries (MPI) national statistics. Project yet to be ratified by key TAPS dry stock farms at the time of writing the strategic plan.



APPENDICES

Appendix 1

Organisations involved in Stage III benchmarking:

- Kapenga M Trust (2 individual dry stock operations and 1 dairy operation);
- Kokako Trust (3 individual dairy and 1 dry stock operation);
- Parekarangi A4 Trust (1 dairy operation);
- Onuku (3 consolidated dairy operations and 2 consolidated dry stock operations);
- Te Arawa Management Ltd (2 individual dairy operations);
- Rotoiti 15 Trust (1 dairy operation).
- Te Paiaka Trust (1 dry stock operation);
- Ngati Whakaue Tribal Lands Inc. (4 consolidated dry stock operations);
- Whakapoungakau (1 dry stock operation);



Appendix 2

Stage III Benchmarking

TAPS summary of pastoral agriculture 2010/11

Total area farmed	7,659 ha
Dairy	1,955 ha
Sheep, beef & deer	5,704 ha
Total FTEs directly employed	49
Total dairy cows	5,864 cows
Stocking rate	3.0 cows/ha
Total milk production	1,808,152 kg MS
per ha	925 kg MS/ha
per cow	308 kg MS/cow
Total sheep SU	26,627 SU
Total cattle SU	23,029 SU
Total deer SU	4,682 SU
Total SU	54,338 SU
Stocking rate	9.5 SU/ha
Average lambing %	122%
Prime lamb carcass weight	16.5 kg cwt
Prime cattle carcass weight	274.7 kg cwt
Prime vension carcass weight	51.1 kg cwt
Wool/sheep SU	5.04 kg
% cattle revenue from grazing income	44%





Te Arawa Primary Sector Inc.

Signed _____

Date _____

Chairman

Signed _____

Date _____

Executive

Signed _____

Date _____

Executive

Signed _____

Date _____

Executive

Signed _____

Date _____

Project Manager

