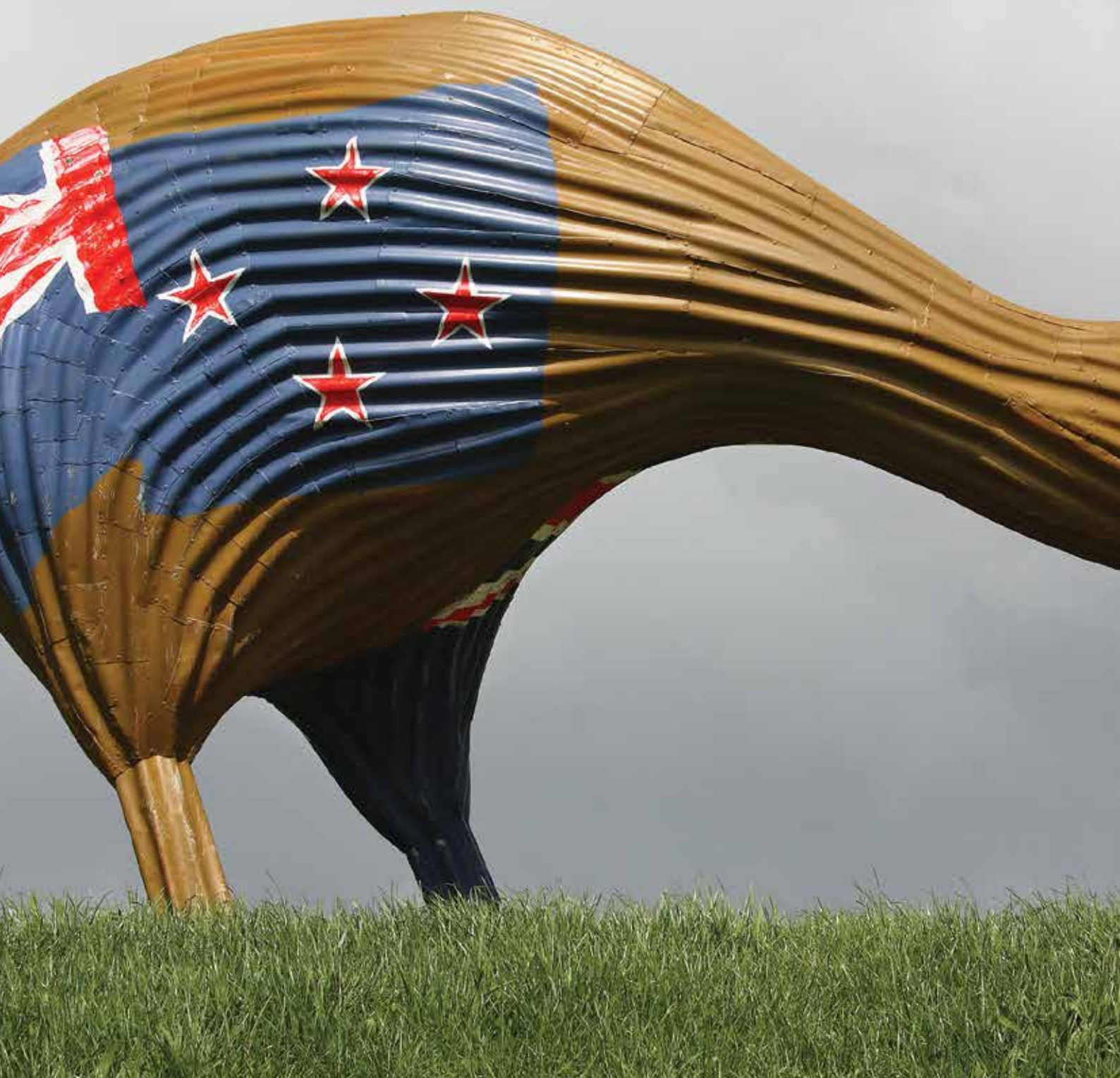


THE ANZ PRIVATELY-OWNED BUSINESS BAROMETER

Agri Key Insights 2013







POSITIONED FOR GROWTH

Demand across the world for protein and fresh produce is translating into improved earnings for most farmers, which has generated confidence for the immediate season ahead, matched by expectations for the next three years.

Along with the improved confidence in the agri sector, New Zealand is poised to achieve 'rock star status' in the OECD as one of the first economies to achieve significant growth post the global financial crisis. The challenge for all businesses, including those in agri, is to ensure that after riding this wave, we end up in a better place than we are today.

The underlying picture of this year's ANZ Privately-Owned Business Barometer is one of growth. After the recent drought and food safety issues, it's good to see that growth is still on the agenda. The challenge for farmers, advisers, banks, government and the wider community is to turn that growth into long-term prosperity. To do that requires a new way of thinking that allows us to better manage volatility and maximise opportunities as they arise.

New Zealand farmers are flexible, adaptable and practical – not many people could do what farmers do for a single week, let alone a lifetime. Of course, this is also why the issue of succession is so prevalent in the agri community, and yet another reason why we need to look at opportunities and the coming growth wave through a new lens.

This year's findings point to three key areas to help farmers and agribusinesses build a sustainable growth platform. By doing so, all will be better positioned to realise the benefits of the coming growth wave, both today and tomorrow. We trust you find these keys useful and look forward to exploring what they could mean with you in your business.

A handwritten signature in black ink, appearing to read 'Graham Turley'. The signature is fluid and cursive, with a long, sweeping underline.

Graham Turley
Managing Director, Commercial & Agri

GROWTH IS IN THE AIR

Optimism is up, confidence is strong and expectations are high. The promise of growth and the benefits it will bring may be enough to make us sit back and enjoy the ride, but if we want those benefits to remain, we need a different course of action.

As in life, farms, like all businesses, follow a predictable pattern of establishment, growth, and (sadly) decline. The trick of course is to try and avoid decline for as long as possible, but this doesn't happen by accident or by following the status quo. Nor does it happen very easily when things are already on a downward slope. The key is to make a step change in your trajectory before you get there, and it's much easier to do so when times are good and resources and opportunities are plentiful.

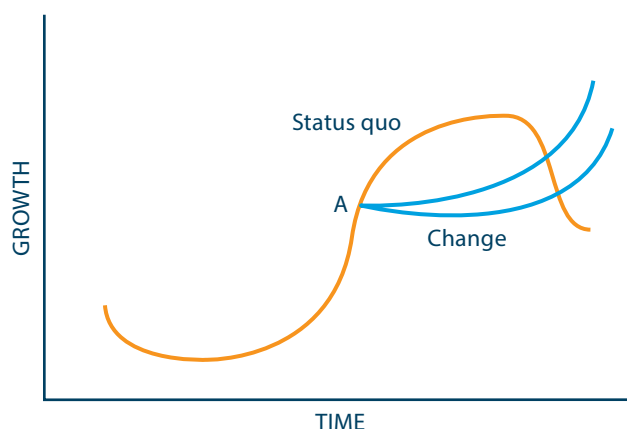
A LESSON FROM THE '90s

In 1994, organisational behaviourist, Charles Handy, demonstrated this principle with what he called the 'sigmoid curve'. Nearly twenty years on, this theme is as applicable today as it was then, and given the soon-to-be-realised improvement in our own economy, a very timely one.

If the curve in Diagram 1 represents the New Zealand economy, most agribusinesses would be at point A, and if nothing changes, they will ride the growth wave to the flat part of the curve. Unfortunately, this is the last phase before decline and is also known as the 'paradox of success' as what has brought you there will not be able to keep you there.

Those who want to avoid this decline clearly need to make some significant decisions so they can continue to realise the benefits growth can bring. This requires a sustainable growth platform and the best time to develop one is now.

Diagram 1: Riding the sigmoid curve



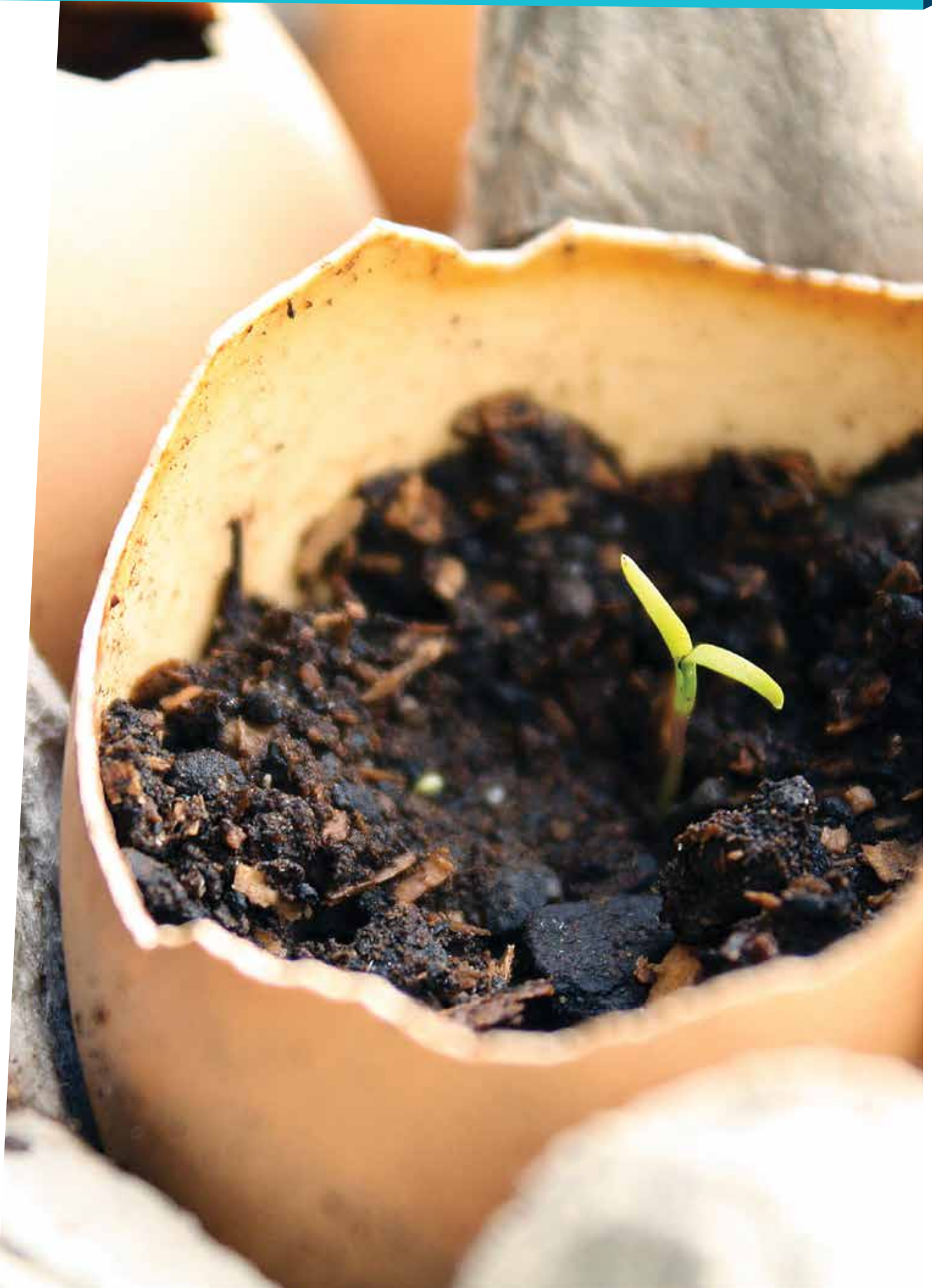
OPPORTUNITY AWAITS

Farmers and business owners across the agri sector expect to prosper over the next 12 months, and are equally confident about the next three years. That is a good position to be in with the huge opportunities and challenges that may lie ahead.

"A hungry world needs more food" is the tabloid headline. The real story is that the new wealthy, the rising middle-class in developing nations around the world, are getting an appetite for the foods and produce New Zealand does so well. The opportunity is significant and could add \$0.5 to \$1.3 trillion to New Zealand agribusiness exports by 2050¹. Of course, with the opportunity comes the challenge: can New Zealand farmers deliver?

To satisfy the global demand, our farmers will need to overcome restraints on land use, water, skills and capital. The capital shortfall has been estimated to require \$210 billion of new capital and a further \$130 billion to support farm turnover in the next 37 years. Where will it come from and how will the other challenges be met?

¹ Greener Pastures: The Global Soft Commodity Opportunity for Australia and New Zealand, ANZ



BUILDING A SUSTAINABLE GROWTH PLATFORM

This year's ANZ Barometer suggests many agribusinesses are already positioning themselves for a future based more on strong cash flows and profitable investment than on expansion solely through land acquisition. There is also an increased emphasis on attracting skilled people, planning, separation of roles of ownership, governance and management, and structures that facilitate the retention of profits and capital for further growth.

THE ADVANTAGE LIES IN PROFITABILITY, NOT JUST SCALE

Profitability is now a common objective for the family-owned agribusiness making a transition to a more formal business model that can overcome the challenges and deliver on the opportunities that lie ahead. Those achieving cash profits have advantages in attracting skilled staff, drawing expertise of technical advisers, and investing in further infrastructure that will lift productivity and returns. They have an ongoing planning process and are usually making use of the technology resources now available to model, plan, and monitor performance.

HAVING THE RIGHT PEOPLE IN THE RIGHT ROLES IS VITAL

Also evident is a move to formality in larger businesses with the separation of operational, management and governance roles. This separation allows a clear focus on addressing the top issues facing most businesses, including people issues such as family succession and finding and retaining experienced staff. People and planning go hand in hand, with sustainable profitability giving everyone more options.

"We've got a huge gap when it comes to skilled staff. We're not an attractive industry. We are investing in this area, but at the moment there's no real career path for people." – *Owner, vegetable grower*

There is also a need for professional advisers to recognise more separation between ownership and management, and the different stakeholder expectations this brings.

Small-scale farms and agribusinesses may struggle to draw on the expertise and resources required to up-skill without engaging in greater collaboration with like-minded businesses, or through sector groupings or other structures which serve to integrate the supply chain.

COLLABORATION – TOGETHER EVERYONE ACHIEVES MORE

New Zealand farming has a big advantage with its history of sharing best practice so everyone gains. It is promising to see this philosophy extending beyond the farm gate.

We know of two companies in the dairy industry who once competed on the supermarket shelves and are now working together to develop export markets. The wine industry is also well-known for collaboration between individual winemakers to promote their wines in offshore markets and share industry knowledge at home while still competing for selection by the consumer.

"We work collectively on making sure our product is number one. That gives us a major lead in markets and is a big shift for the industry where we all used to compete against each other." – *Owner, wine exporter*



Integration of the supply chain is on the top of the agenda with red meat sector responses. Many highlight the need for a new model which gives them greater certainty and delivers better results. Better collaboration may be the key to meeting many of the challenges that the sector faces in achieving sustainable returns.

Sector collaboration through industry organisations may also assist in establishing working parameters with the community over land use, water management, bio-security and the maintenance of New Zealand's image as a high-quality source of nutritional products.

"Public perception is an issue. We need more integration in the industry." – Owner, dairy farmer

SUSTAINABILITY REQUIRES INVESTMENT

Regulatory compliance is a major issue for many, producing a range of responses in the ANZ Barometer. Larger and more formally-managed agribusinesses appear better resourced to meet challenges, while older farmers and smaller-scale farms see it as a threat.

When it comes to choosing which investment will create the most value, agribusinesses have advantages over the commercial sector with access to sector-specific business modelling, benchmarking resources, and the willingness of most to share experiences. As farmers move to a more investment-driven model, decision making will need to be based less on intuition and available cash, and more on the numbers and expected return on their investment. While many farmers are interested in buying more land, profit is becoming the overriding objective, and there is equal willingness to spend on farm infrastructure as well.

"We're thinking about where we're going to be in ten years' time and how we can diversify and expand while focussing on our core business. We're thinking about what restrictions will be in place, and what we can do now so that they don't become a problem."

– Owner, dairy farm

In the coming year most new investment will be in production growth and efficiency, particularly in areas such as pasture and animal genetics. In addition there is increased willingness to make major capital expenditure unrelated to land purchase. For example, surprisingly large numbers of farmers have quoted intentions to consider cow housing and standoff facilities.

Owners should also be careful not to overlook investment in their greatest resource – themselves and their people – to ensure they are equipped to capture the opportunities ahead.

"Now that we're more established, legacy is more of a key driver for me and is affecting the decisions we're making. It wasn't earlier in our development though. By wanting to leave a legacy we're not growing as fast as we could, but rather looking at sustainability and how our decisions are affecting the people coming after us."

– Owner, wine exporter





FINDINGS AT A GLANCE: THE ANZ BAROMETER POINTS TO GROWTH

Unless otherwise specified, the following results are based on responses from agribusiness owners and farmers.

A growth wave is coming

70 PER CENT	of respondents are slightly to very optimistic about growth in the New Zealand economy over the next 12 months (compared to 39 per cent in 2012)
81 PER CENT	of respondents are slightly to very optimistic about growth in their agribusiness over the next 12 months (compared to 72 per cent in 2012)
68 PER CENT	of respondents are looking at increasing farm production to improve their financial position
23 PER CENT	of respondents are looking at investing in farm infrastructure to improve their financial position

Farmers who want to realise the long-term benefits of this growth need to build a sustainable growth platform. This will require **profitability and scale, people and planning, and investment.**

Profitability and scale are determined by a number of factors – and being the biggest isn't always the answer.

21 PER CENT	of respondents are looking at acquiring more farm land to improve their financial position
11 PER CENT	of respondents are looking at equity partnerships or joint ventures to improve their financial position
7 PER CENT	of respondents are looking at acquiring farm businesses or assets to improve their financial position

People and planning go hand in hand – both are required to develop and achieve long-term objectives.

80 PER CENT	of respondents have a goal that really motivates them
42 PER CENT	of those respondents have this goal written down
11 PER CENT	of respondents involve their staff in goal setting
46 PER CENT	of respondents say they follow best practice when it comes to planning and decision making

Investment is critical but this is not just limited to acquiring new assets. Agribusiness owners seeking sustainable growth will also be investing in themselves, their people, and the infrastructure they need to manage their farm.

72 PER CENT	of respondents looking to increase farm production are wanting to invest in pasture/ forage species
57 PER CENT	of respondents use market research or financial analysis tools to help them make big decisions
43 PER CENT	of respondents would like advice on how to improve farm productivity
22 PER CENT	of respondents would like advice on succession planning

Owning a business is a challenging, and sometimes lonely job. Making time to work on harnessing a new wave of growth can be tough, especially if it means adopting new practises to the business. **However let's not forget that when you achieve what you set out to do, the rewards can be immense.**

73 PER CENT	of respondents are in farming to make money
69 PER CENT	of respondents are in farming to enjoy a chosen lifestyle
32 PER CENT	of respondents are in farming to leave a legacy

PROFITABILITY AND SCALE

The language of agribusiness is changing. There may be a need to listen carefully to fully appreciate the shift, but it's there, and the key word is 'profitability'.

A focus on profitability represents a shift in thinking that's been going on for a while now and is driving the decision making of leaders across all sectors of agribusiness. It signifies a move from farming for capital gain, based on land acquisition, to an investment decision-making model. This new model is more concerned with cashflow and sustainable growth, which in turn leads to greater use of other metrics, such as return on capital invested. More farmers across all agri sectors are now talking about profit performance, where previously they spoke about hectares, stock numbers and production levels.

THERE'S A HUNGRY WORLD OUT THERE

Underlying this shift is a growing awareness that many countries are running low on the land and water needed to provide the high-quality food and produce that middle-class consumers in particular want to eat. To capture some of that demand and the premiums it offers, New Zealand's largely family-owned agribusiness sector will need to find new ways to attract the capital and skills it needs.

"Sustainable growth requires investment in infrastructure on farm to make it easier for staff, and to help us attract and retain them. We're not just focussing on the returns that investment will bring, but also what that investment will mean for keeping staff. It's a long-term game, so we're not just looking for short-term gains."

– Owner, dairy farm

The numbers are eye-watering. Research prepared for ANZ¹ suggests there's the potential for New Zealand to capture \$0.5 to \$1.3 trillion dollars of that increased demand between now and 2050. That research also shows New Zealand's agribusinesses are likely to need at least an additional \$2 billion a year over that timeframe to realise the potential. Much of that will need to come from profits reinvested into the business and new structures that allow for the participation of outside investors.

Even so, there is an expectation that some of the new capital requirement will need to be funded from outside traditional farming sources and sometimes by those nations with the biggest appetites for our produce.

SCALE AND PRODUCTIVITY STILL HAVE AN IMPORTANT ROLE TO PLAY

Indeed, the lack of scale in the red meat, wool, vegetable and some horticultural sectors is the feature restraining their growth, partly because low-scale businesses have less opportunity to introduce broader skills. It is just too difficult for the one-man-band to play all the roles required. Greater collaboration and adopting the key successful elements of other businesses may provide a means to unlocking the potential.

"People want to deal with sizeable, scalable opportunities, but we have too many small, individual players in the agri sector." – Māori agribusiness owner

In essence scale is about creating opportunity through capability and choice. From a stronger market position the resources may flow to attract higher levels of skill and expertise that can assist in developing further opportunities for growth and provide resources for research and development to build the pipeline of products and services. Agribusinesses with scale tend to be more attractive to staff at all levels for the career paths they offer.

"Scale is the key to optimism. Everyone has a role on our farm and they are paid well for it. There's nothing worse than drudgery. Scale is important to attracting good skills and retaining them. You can train staff better on a larger farm and staff retention and productivity are better."

– Owner, dairy farm

¹ Greener Pastures: The Global Soft Commodity Opportunity for Australia and New Zealand, ANZ



SCALE HAS A SWEET-SPOT BALANCING THE GENERATION OF PROFITS AGAINST THE USE OF SKILLED RESOURCES

In the dairy sector, mid-sized family-owned businesses tend to achieve the greatest cash returns in terms of output per hectare and capital employed. Those businesses have the ability to develop and harness greater skills and consider further sizeable infrastructure investments, such as feed pads and barns. These types of investments have the potential to increase overall return on investment to new levels and meet increasing environmental compliance standards.

Profit may once have been a neglected word. Now it needs to work hard in the agribusiness sector.

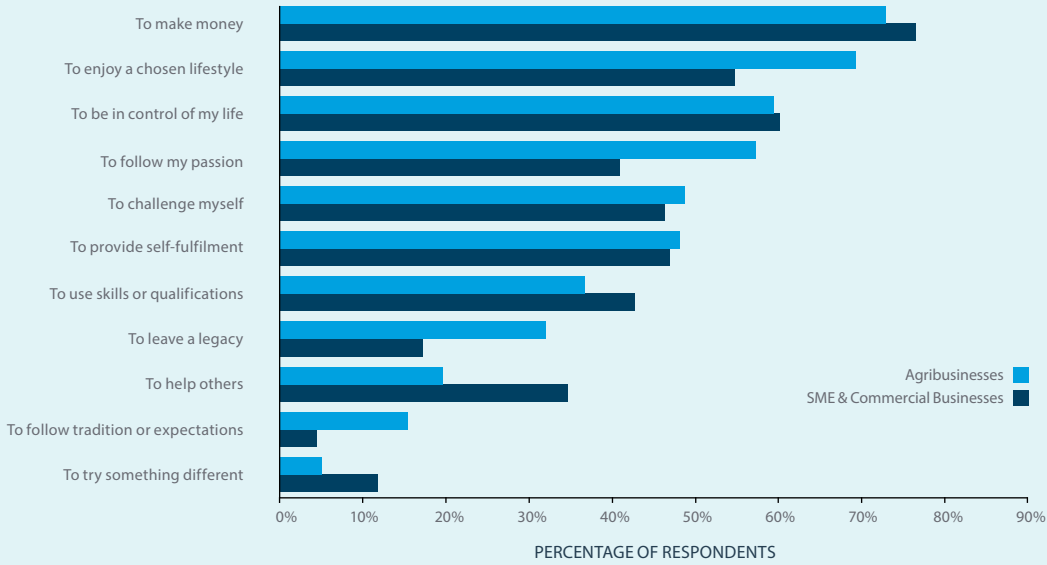
“The more we collaborate and work together, the greater growth and profitability we’ll see in the industry.”
– *Owner, horticulturalist*

SIX QUESTIONS TO CHALLENGE YOUR THINKING ON PROFITABILITY AND SCALE

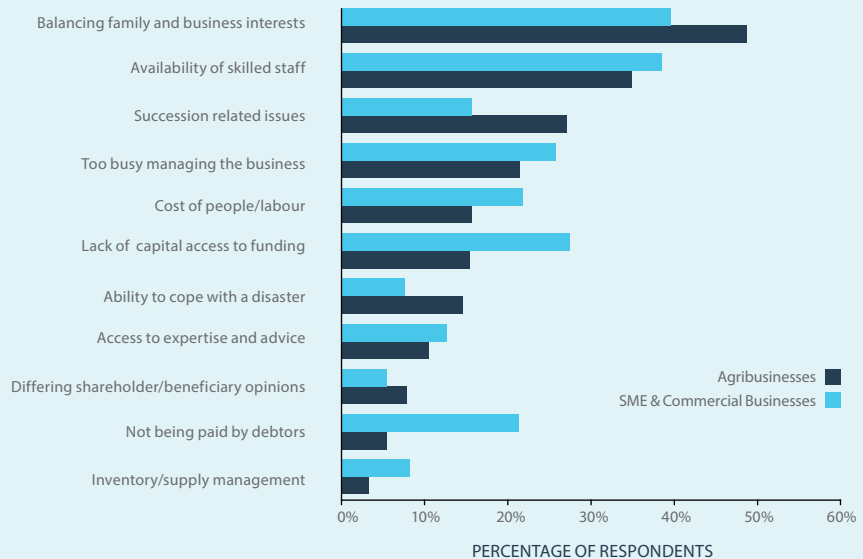
- What would have to change for your long-term profitability expectations to be different?
- Are you as big as you need to be to achieve the business outcome you want?
- Who can you collaborate with to get a better return on your investment?
- How can you make your industry group work better for you?
- Are there opportunities for you to expand up, down and across your value chain?
- Are you profitable and big enough to leave a legacy?

OFF THE CHARTS: WHAT AGRIBUSINESS OWNERS SAID ABOUT PROFITABILITY AND SCALE

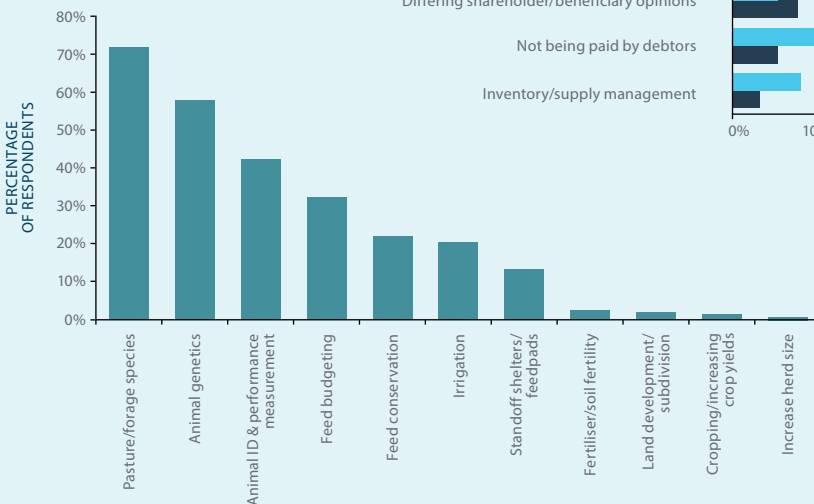
REASONS FOR BEING IN BUSINESS

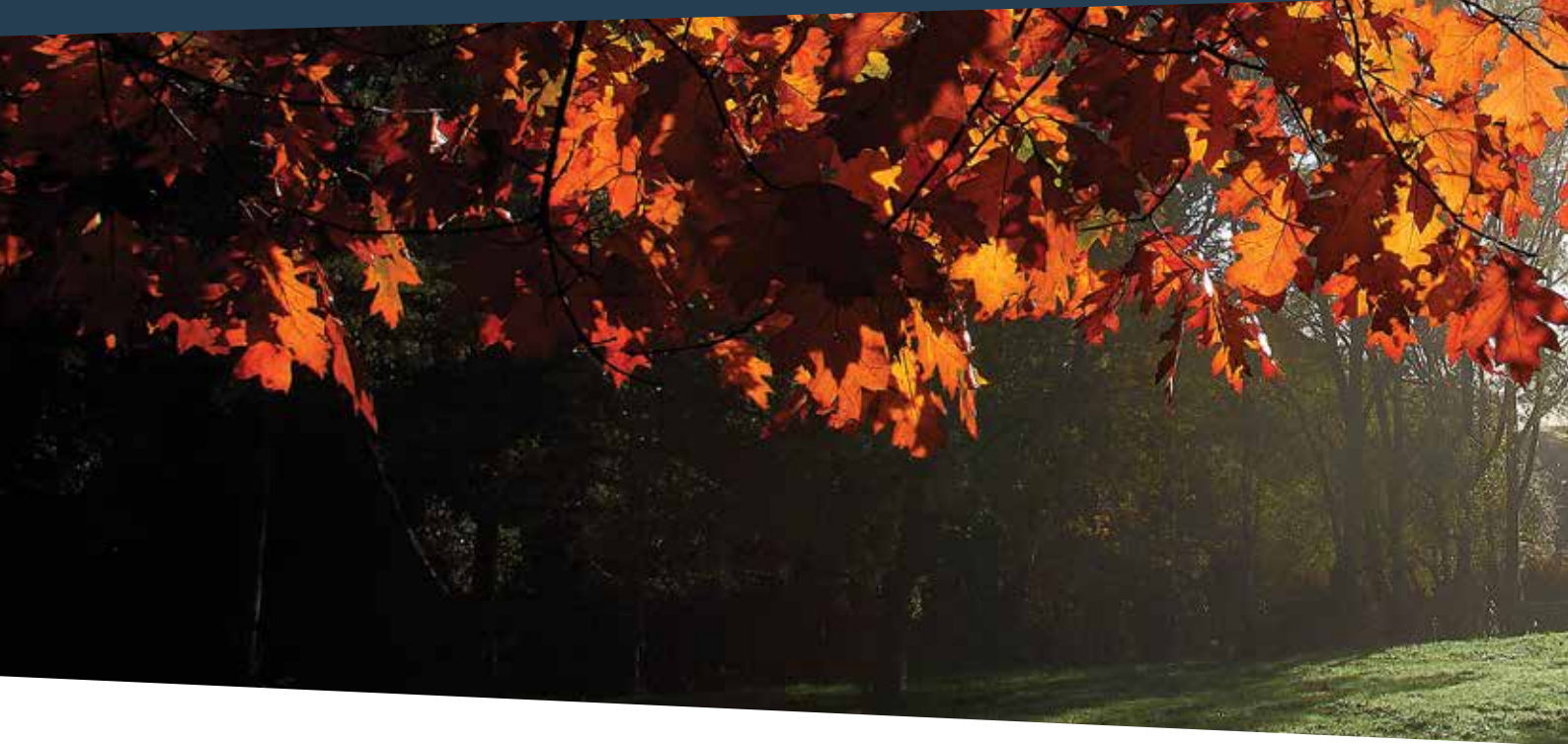


FACTORS OF MOST CONCERN (IN YOUR BUSINESS)



METHODS PLANNED
TO INCREASE
FARM PRODUCTION





PEOPLE AND PLANNING

Farming is changing rapidly with increased production and further land acquisition being replaced by profit as the metric to creating wealth.

The change is evident in this year's ANZ Barometer with 73 per cent of agri respondents reporting they were in business to make money. Some things however, don't change. Just under 70 per cent of agri respondents are also in business to enjoy a chosen lifestyle and 32 per cent want to leave a legacy.

"I'm in business to leave a legacy. My mission is to create something for my children and others in the industry which they can work with when I'm gone."
– *Owner, horticulturist*

KNOW WHAT YOU'RE ABOUT

Knowing the real reason why you're in business is critical to driving the rest of your decision making. The evolving focus on profitable outcomes needs a new approach to people and the planning required to involve those people in the right way. This is being driven by other changes as families look to take a more long-term interest in their farms by retaining ownership and looking to keep the knowledge and intellectual property they've accumulated over the years.

"We have realised we will never sell our farm. That means we have to be thinking how to involve the next generation and retain some influence in the way the business is run." – *Owner, dairy farm*



ROLES AND SKILL SETS ARE CHANGING

One of these changes is the separation of the roles of owner and manager. Refreshingly from our perspective, this change is often followed by a lift in governance with the creation of informal or formal board-like structures to oversee and hold managers to account.

This is an evolving process that creates a requirement to invest in people with skills and ensure those skills are kept current. Owners should not overlook investment in their principal asset – themselves – to ensure they are well-equipped to lead the business.

The business will also need to invest in technical skills in new areas by either employing specialists or the expertise of advisers. Respondents in the ANZ Barometer noted that nutrition and environmental compliance were areas where new skills are most needed.

“We don’t know where the skilled farm managers are going to come from. We can get staff who can just do the basic job, often from offshore, but not those with higher level management skills. We have to really invest in developing our staff as systems are becoming more complex.” – *Owner, dairy farm*

PLANNING IS VITAL

This increasingly complex landscape requires a more formal planning process using more sophisticated business tools for projections, benchmarking, and modelling to establish achievable business goals and clear lines of responsibility. Families who have resolved to retain a long-term interest instead of selling their farm to another family member require defined financial controls and reporting, as well as governance protocols to protect the family capital funding the business.

We know from working with our agribusiness customers that those who have a written plan and someone to hold them accountable to it, are more likely to achieve their objectives.

“We have a grand plan but we have so much volatility that it’s difficult to make more granular plans. We need to adapt and adjust all the time.” – *Owner, horticulturist*

Diagram 2 demonstrates the elements of a good planning cycle, and we are pleased that over 45 per cent of farmers and agribusinesses responding to the ANZ Barometer thought it bore a close resemblance to the steps they go through in their business, even if the process was a bit less formalised.

Diagram 2: Plan to succeed



One well-established family business tells us that four times a year it brings in a facilitator to ensure even participation by everyone at its planning sessions. Another, headed by a self-confessed autocrat, engages in a robust discussion with immediate family members before seeking additional advice from the business' accountant.

Planning is a means to sustainable profitability. It keeps the goal in front of all those involved in the process, and makes a way for creating an investable business with options for future wealth and legacy.

SUCCESSION AND PLANNING GO HAND IN HAND

One area the ANZ Barometer has always focussed on is the area of succession and this remains a significant issue for agribusiness.

With ageing demographics, exit or retirement is increasingly on the cards for many farmers, with respondents citing barriers such as conflicting shareholder or family visions, and the purchaser's ability to finance, as some of the biggest concerns. The key to overcoming these issues is having a robust plan in place and making decisions now which will build long-term, sustainable growth for your farm.

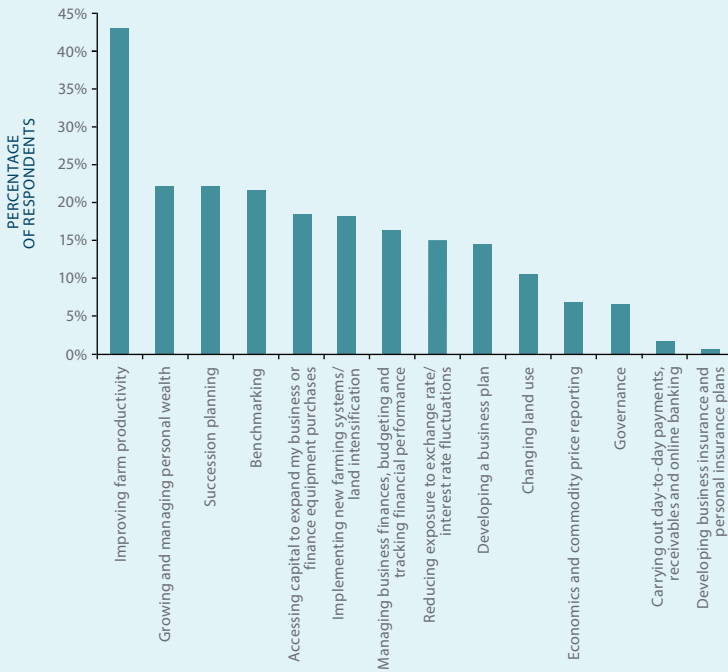
"Growth is only sustainable if succession plans are in place. The more concrete your succession plan, the more optimistic you'll be." – *Owner, dairy farmer*

EIGHT QUESTIONS TO CHALLENGE YOUR THINKING ON PEOPLE AND PLANNING

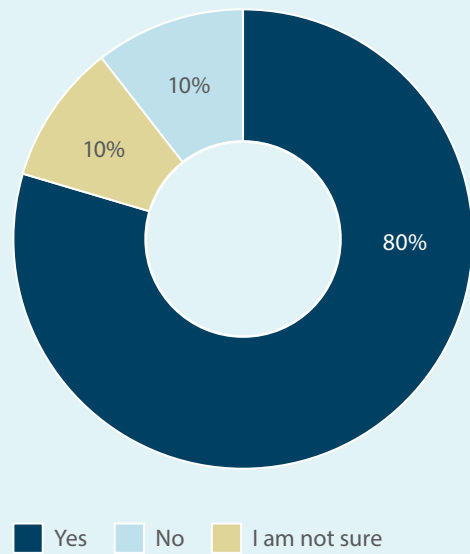
- What's holding you back from making the big investment decisions?
- How does your farm need to operate to attract the best staff?
- Do you know what your ultimate end users really think of your product?
- What would be the upside of working with a more structured planning process?
- When was the last time you gave yourself the freedom to explore new ideas?
- How will today's ten-year olds experience your agribusiness in 2025?
- Thinking about the world around you, what has the potential to totally transform your farm?
- Where in the world is innovation happening in your sector – when were you there last?

OFF THE CHARTS: WHAT AGRIBUSINESS OWNERS SAID ABOUT PEOPLE AND PLANNING

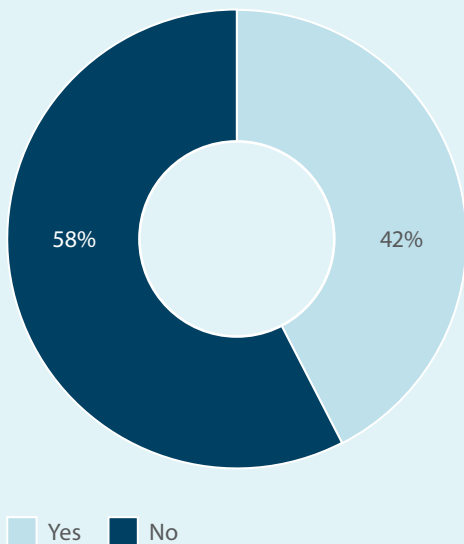
SPECIALIST EXPERTISE OR INFORMATION YOU WOULD BENEFIT FROM



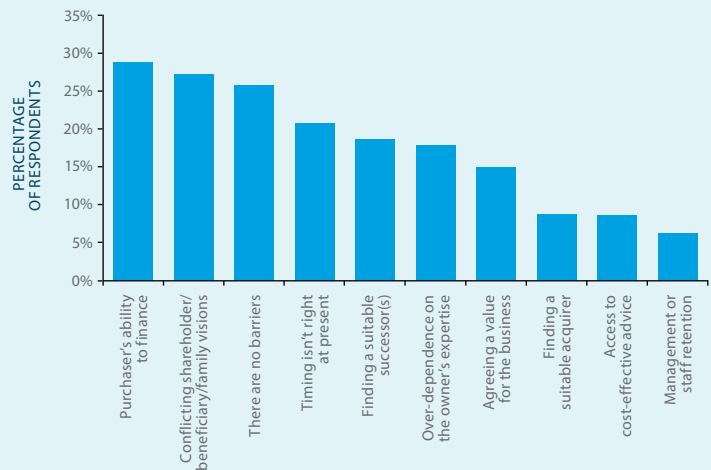
DO YOU HAVE A GOAL THAT REALLY MOTIVATES YOU?

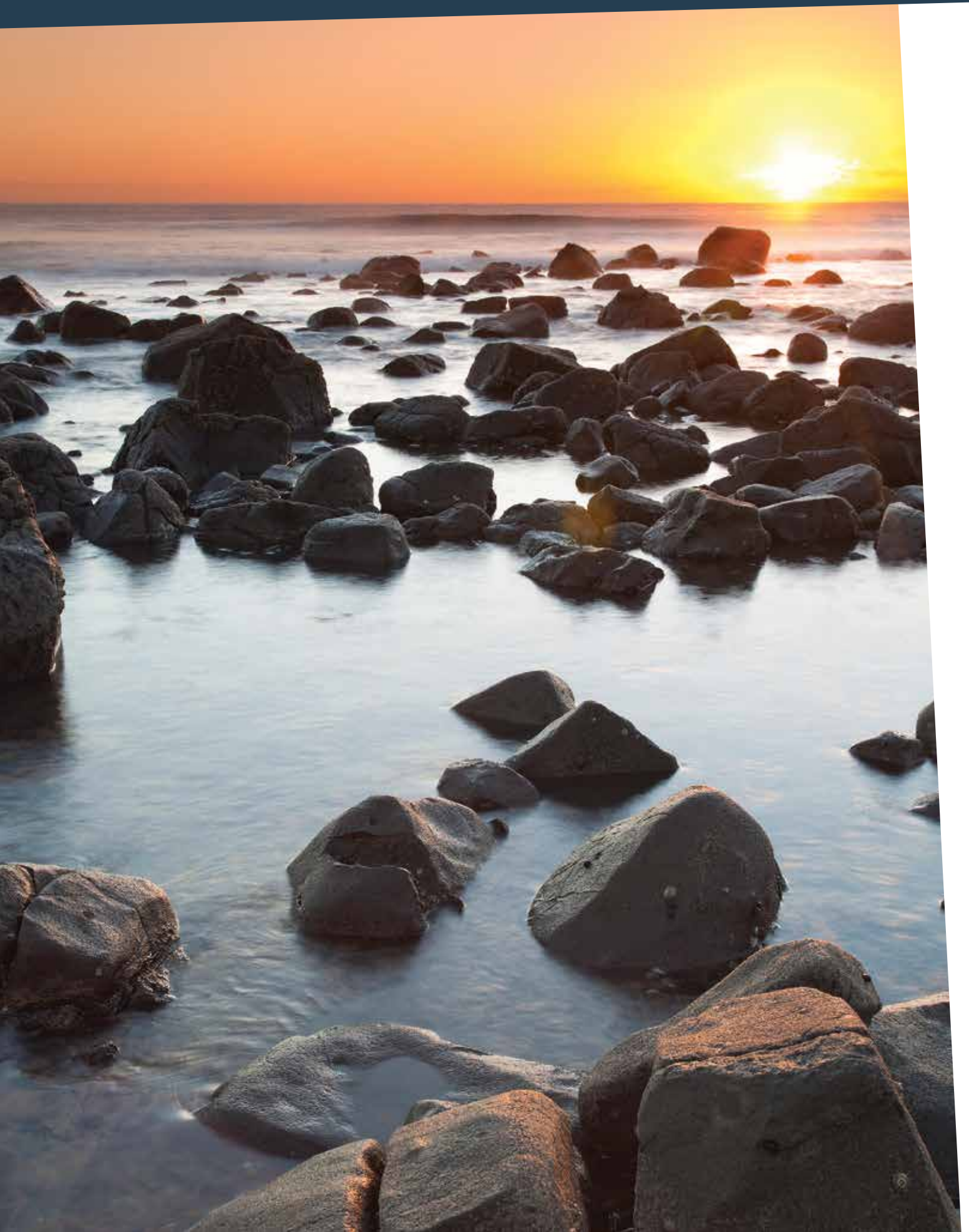


IS YOUR GOAL WRITTEN DOWN?



BARRIERS TO SUCCESSION





INVESTMENT

Research and development, and a willingness to adopt new technologies, keep farmers and agribusinesses at the leading edge of New Zealand's export economy.

Much of that is driven by the need to retain a competitive advantage over suppliers from other nations. Those competitors may be more favoured by proximity, but tend to lack New Zealand's reputation for high-quality food and ingredients which are produced with integrity. This reputation, of course needs to be protected, and is something every sector needs to work hard on maintaining at every step in the supply chain.

As more farmers consider changes in land use, new investment challenges are thrown into the mix. These challenges become especially problematic when there is a change in farm type, process, or system involved. Examples include moves to higher-intensity systems, farm conversion, and environmental compliance. Intuitive decision processes do not tend to deliver in these areas and a combination of advice, training, and formal decision processes are needed.

"High-input systems are more profitable, but the issue is getting the staff with the skills to operate them. We are really going to need to invest in training."
– Owner, dairy farm

GOOD INVESTMENT DECISIONS REQUIRE THOROUGH INVESTIGATION

Making the decisions that will deliver sustainable and profitable growth can be challenging and gaining sufficient, reliable information is often the first hurdle to overcome. Those who have made that decision before will have discovered some pros and cons of going down that route. The ability to share this experience is one of the great advantages of the farming sector – because there is little direct competition, advances can lift the industry as a whole.

Advisers and suppliers should also be tapped into for information as they will have a view across the industry. Technical publications, websites, seminars and field days are other sources, particularly at the outset of exploring new avenues.

"I have an overseas consultant that comes in eight to nine times per year. I go to my market (Japan) every year, but not many other people in my industry do."
– Owner, horticulturist

KNOW YOUR RETURN ON INVESTMENT

Investing is about the future, and to invest with confidence, owners need to be satisfied that the payback will be worthwhile. Investment horizons can be long. Some farmers we have talked to set a ten-year horizon as their payback measure, particularly for major infrastructure. As a consequence we find that farmers with a well-developed succession plan find it easier to make significant investment decisions.

"If an asset cannot pay for itself in ten years I'm not interested in it – and if there are risks involved which mean I'm less likely to get a return then I'm not going to do it." – Owner, dairy farm

UNDERSTAND WHY YOU'RE INVESTING

Better investment decisions are made with sustainable growth (rather than just short-term return) in mind. In order to make those decisions, careful analysis is key. Farmers need to be mindful not to fall into the trap of having returns drive their investment decisions. Instead, they should ensure their investment decisions are able to drive returns.

While the ANZ Barometer shows that many farmers use budgets when making decisions to invest, we find expectations for a model return on investment is seldom set. This results in an evolutionary process, rather than deliberate assessment of the decisions' success.

COLLABORATION CAN MEAN BETTER REWARDS

There may be other structural issues to overcome before some agribusinesses can achieve sustainable profits. For instance, businesses in the horticulture sector, which lack scale to develop the level of resources needed to attain a sustainable structure, may be able to do so by collaborating with others in the industry.

The wine industry in particular, has successful examples of collaboration in marketing and shared knowledge that has endured for more than ten years. We have also been told of others in the agri sector joining with competitors to develop markets and use technology to authenticate their products against imitators from other nations.

SHIFTING PRIORITIES REQUIRE GREATER EXPERTISE

The ANZ Barometer identified a number of investment priorities for agribusiness this year, including improving pastures, animal genetics and identification, and performance measurement. Other priorities mentioned included water security and compliance with evolving environmental standards. There also seems to be a new willingness to make capital expenditure in areas not relating to farm purchase, for example, infrastructure and land use change, such as cow housing.

“Water infrastructure has become very important to us. Instead of acquiring more land, we’re looking at increasing our water coverage on what we’ve got. We’ve moved from 50% under water to 80%, and are looking to increase this to 100%.” – *Owner, vegetable grower*

With the level of investment required in New Zealand agriculture to enable production gains, perhaps numerically significant then are the 88 per cent of agribusiness owners who indicated they would benefit from specialist advice in some area. More than 40 per cent of agribusiness owners also indicated that they would benefit from more expert advice on improving farm productivity. Other areas of opportunity included advice on growing and managing personal wealth, succession planning and accessing capital for expansion or development.

SUPPORT IS REQUIRED UP AND DOWN THE SUPPLY CHAIN

With farmer interest high, there is a clear opportunity for advisers to demonstrate their capability to add value. We commend a shift within the professional community to understand and deliver to the agri sector at a more strategic level. Making the degree of change required to capitalise on New Zealand’s international opportunity definitely requires support up, down, and throughout the agri supply chain.

Investment decisions of course carry a degree of risk, if nothing else, the opportunity cost of not investing in alternatives. Of interest then are the tools used by agribusiness owners to assist in making big decisions. Farmers are using budgeting, forecasts and financial analysis tools more than their commercial cousins and likewise are seeing benefit in formal boards, informal boards, and consultants. We see this as evidence of a traditional industry adapting quickly to capture its new growth opportunity.

WHEN LAST DID YOU INVEST IN YOURSELF?

Discussions on investment usually focus on new plant and equipment and new systems that deliver cost savings or increase productivity. But perhaps the most important investment any agribusiness can make is in its principal asset, you, its owner.

Building your capability to run the farm for the next decade will arguably do more towards creating a sustainable business than any other investment. It may be through education opportunities or farm leadership courses, where a cross pollination of ideas from many sectors can stimulate new thinking and create new networks. It might be by reaching out to leaders in your own (or unrelated) industries, or being inspired by the latest management handbook or autobiography. For many, it is being open to new ideas and trends and thinking about your relevance to your business goals.

SEVEN QUESTIONS TO CHALLENGE YOUR THINKING ON INVESTMENT

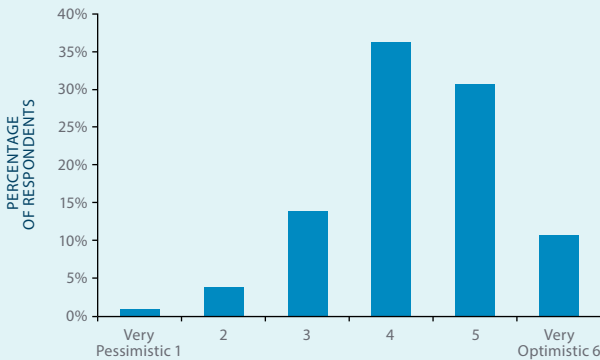
- What do you need to invest in now to make sure you have a brighter tomorrow?
- What are the leaders in your field investing in?
- Where could you put more of your time or resources to get better results?
- How do you prove the worthiness of an investment to yourself and your stakeholders?
- Who else stands to benefit from your investment and could they invest with you?
- How are you investing in the culture of your business and what does that give you?
- How are you investing in yourself?

OFF THE CHARTS: WHAT AGRIBUSINESS OWNERS SAID ABOUT INVESTMENT

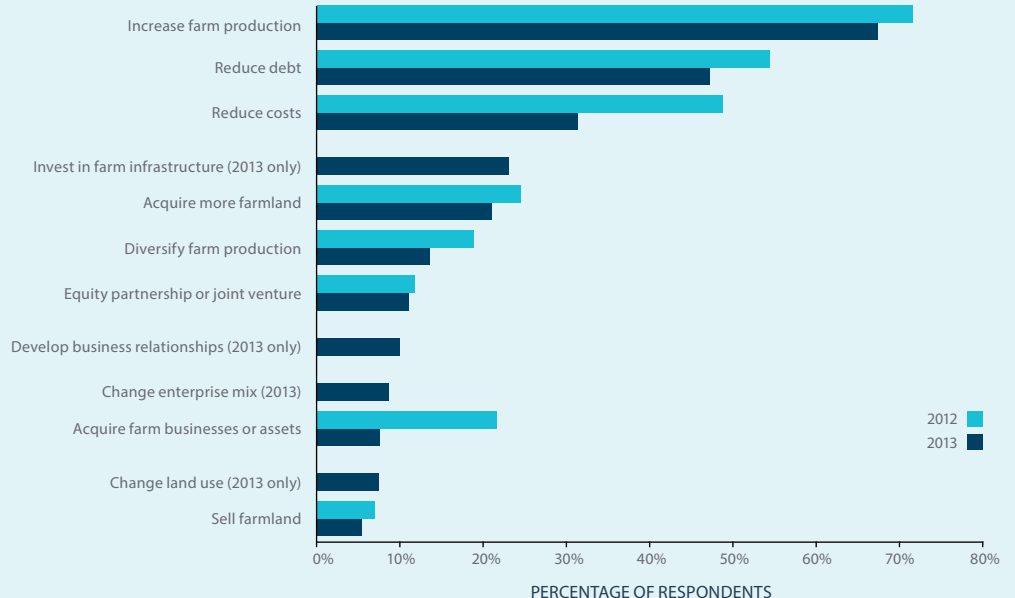
WHERE DO FARMERS AND AGRIBUSINESS OWNERS
GET THEIR INSPIRATION AND IDEAS FROM?



OPTIMISM FOR THE NZ ECONOMY
OVER THE NEXT THREE YEARS



ACTIVITIES BEING CONSIDERED TO IMPROVE
FARM FINANCIAL POSITION





WHERE TO NEXT?

We hope the 2013 ANZ Privately-Owned Business Barometer has been thought-provoking and useful. If you would like to join a discussion group on these findings, or would like to be involved in the next survey, please contact your ANZ Agri Manager or email barometer@anz.com.

More information on the results of the ANZ Barometer can be found at anzbarometer.co.nz or by contacting one of our General Managers.

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ABOUT THE ANZ BAROMETER

The ANZ Privately-Owned Business Barometer (also known as the ANZ Barometer) is an annual survey of privately-owned businesses conducted by Ipsos on behalf of ANZ.

This year we invited owners of small-medium businesses (those with turnover of less than \$2 million per annum), commercial businesses (those with turnover of more than \$2 million per annum), farmers, and Māori businesses to take part in an online survey.

Agribusiness respondents comprised of the following sectors: dairy (26 per cent), red meat (48 per cent), cropping and horticulture (10 per cent), and other (16 per cent). Where the report refers to these respondents as 'farmers', this also includes growers.

To interpret the survey findings, focus groups were held across New Zealand, each representing different sectors of the privately-owned business community. These included small-medium and commercial businesses, exporters, Māori businesses, and agribusinesses (dairy, cropping and horticulture, and red meat farmers).

As this is only the second year agribusinesses were included in the survey, only two years' worth of data is used in the year-on-year comparisons. This report looks at the responses given by farmers and agribusinesses, and where appropriate, compares these with responses from non-agri business owners. A separate Key Insights report outlines the findings of the entire sample, focussing on the non-agri sector. More information on the ANZ Barometer and this year's findings can be found at anzbarometer.co.nz.

ABOUT ANZ

ANZ is proudly New Zealand's largest financial services provider, with almost half of all New Zealanders having a banking relationship with us.

We recognise that strong partnerships are important for farming and business success, which is why, here in our Commercial & Agri division, we support our clients with access to knowledge, insights and connections to help them grow.

Our Agri Managers are active in communities nationwide, and through them our clients have access to the largest specialist banking teams in New Zealand. This means that we can contribute an in-depth understanding to the solutions agribusinesses need to manage their payments, mitigate their risks, fund their growth and ultimately manage owners' personal wealth.

As New Zealand increasingly looks to markets across the Asia-Pacific, we also provide clients with access to banking knowledge and expertise in offshore markets to help New Zealand agribusinesses achieve their growth aspirations.

For information about our services see anz.co.nz/rural.

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