

FALKLANDS LANDHOLDINGS CORPORATION

OPEN MINUTES

18th November 2016

These minutes are draft minutes until confirmed by resolution at the next meeting of this committee

Present:	MLA P Rendell	PR	Chair
	MLA I Hansen	IH	MLA
	Mr A Pollard	AP	General Manager FLH (GM)
	Mr B Rowland	BR	Chief Executive, Vice Chair
	Mr T Miller	TM	Board Member
	Mr J Forster	JF	Board Member
	Mr K Knight	KK	RBA Representative

In Attendance:	Ms L Morrison	LM	Head of Finance, FIG
	Mr I Campbell	IC	Senior Agriculture Advisor
	Mr K Alazia	KA	Farm Manager, Goose Green
	Mr S Dickson	SD	Farm Manager, North Arm
	Mr G Castro	GC	Farm Manager, Fitzroy

Minutes:	Mrs D Aldridge	Office Manager, FLH
-----------------	----------------	---------------------

Action

1. Apologies for Absence

There were no apologies for absence.

2. Declarations of interest

There were no declarations of interest at this stage in the meeting.

3. Confirmation of the Minutes of the Meeting held on 19th August 2016.

The Minutes were confirmed as a true and accurate record with one correction.

Page 5 – last paragraph ‘handing’ should read ‘hanging’.

4. Matter Arising from the Minutes of the Meeting held on 19th August 2016.

Item 5 – There is a separate paper to address this issue on the

agenda.

Item 8 – North Arm power will be addressed in the next budget.

Item 8 – Livestock supplements will be addressed in the General Managers Report.

Item 8 - The Agriculture Trainees has not progressed and the GM along with Farm managers will talk to students at FICS and attend the Careers Fair in March.

Item 8 – TM asked what the progress was with the water tank at Fitzroy. This is still outstanding works and a contractor needs to be sourced. There is a possibility that this may need to be advertised for tender once costs are determined.

Item 8 – There is still a review of the AI process to be done and this will be brought to the next meeting. **GM/KA/SD**

Item 8 – The solar system has been ordered for the house at North Arm. This trial is funded 50% FIDC 50% FLH.

Item 10 – The GM has attended a short course on the set up of a website and will complete this for FLH in house. It will be a basic site to show the presence of FLH.

5. Financial Update.

The Management Accounts were presented up to the end of October and there were no comments. It was noted that the accounts currently have 2016 as yearend instead of 2017 and this needs correcting.

6. Purchase of a Digger for North Arm.

This paper was brought to the meeting to get approval of funding to purchase a second hand digger for North Arm. Currently there is one digger which is a shared asset between Goose Green and North Arm Farms.

Purchasing a second digger would help with the faster rate of ditching works to take place. The digger has already shown its worth for building sheep shelters, handling waste and reducing death rates within livestock.

JF asked if there are questions with this practice in drying out the land due to environmental changes. SD responded that it depends on how the works are carried out, for example to follow the natural flow of the river or ditches. This is extremely beneficial in reducing losses in stock.

IC asked that although the two larger farms will have a digger each how this will help Fitzroy.

KA commented that the issue previously was employees, not wanting to work for extended periods off the farm, although the last driver did undertake these works. KA was not happy with plant

sharing as then there can be the issue of somebody not maintaining the equipment. He did not wish to see the GG digger at Fitzroy.

BR commented that this was to be looked at as a FLH business case and not as individual farms and perhaps a more comprehensive proposal needs to be put together.

There is no doubt that livestock losses have decreased since ditching has taken place and the digger is used for multiple other jobs.

At present there is no driver employed at Goose Green as they have been unable to employ or get any interest in this post.

SD also commented that sharing machinery is historically a disaster and the digger to be sourced for North Arm would be less expensive than the model currently at Goose Green.

PR asked the meeting if they agreed the recommendation to make the purchase in the middle of the financial year or defer until the next budget. The Board agreed to make the purchase although tasked the GM to look at the larger view of the asset, assisting works on all farms. The GM explained that this will occur within the drafting of an FLH 5 year business plan. **GM**

It was agreed that the issue of Fitzroy needs to be addressed and at present permanent staff on the farms of GG and NA are carrying out these works.

7. Purchase of Generator for Fitzroy.

This paper was presented to get the Board's approval to progress with the purchase of a second generator as back up for Fitzroy. At present alternative energy is supplied via 2 x 3KW wind turbines and stored, however there is only currently one generator. Fitzroy supply power for their own 3 houses and work sheds but also supply power to all other residents apart from 1 who has their own set up.

There has been a number of problems with the current generator, these have been identified and fixed by an independent contractor.

The GM has the information on the generator in situ at present and the idea would be to purchase another identical to this. They would be installed so that if one went down the other would back up and there would be no need to physically do this.

The GM has had discussions with Sure about service agreements and these would be in 3 parts: wind turbines, batteries and generators. Sure would be happy to do all or a mixture of these aspects. Individual farms already have aspects of the services arranged in house or with individual contractors.

The Board agreed to the purchase of a new generator and for the old

generators to be removed and sold.

8. General Managers Report.

Farming conditions – the weather has been favourable with average temperatures. Grass growth has been good but there is concern with water levels not being fully replenished.

FIMCo Supply – There has been no supply of yearling lamb or mutton to date. North Arm have supplied 28 prime and 1 mature beef. It is intended for FLH to supply approximately 5,000 yearling lamb and 16,100 mutton during the export season and these proposals have been submitted to FIMCo.

Wool Sales – Since the last meeting of the Board the exchange rate has fallen and this is a positive move regarding wool exports. GM provided detailed information showing that whilst all lines have increased in value from last year this is only as a result of the exchange rate. The indication suggests that demand will remain strong although we do not know what is going to happen long term. Wool samples have been submitted to the DoA and have been sent to NZ for testing.

There is hoped to be visits by wool buyers this month and a further visit in January and February by others.

Shearing - This is happening, although very slowly. There have been various issues but at the moment they are on schedule. This is having a cost issue in that the wool handlers are being paid by the hour and not on fleece. A positive is the quality of wool handlers is an improvement from last season.

Sheep Genetics – After the Australian, visit 5 rams have now been chosen and taken to the collection centres to begin quarantine processes and to meet FI protocols.

7,200 straws are being purchased to cover the AI programmes for the next 2 years. The intention is to additionally run a ‘sire evaluation trial’ at Walker Creek. This is to collect data and compare performance and get visual and objective measurements. All agreed that the visit to Australia was very beneficial for this process.

The GM will bring an update to the next Board Meeting from the 2015 AI drop and if timing coincides this may include 2016 drop lamb marking results. **GM**

A lot of the breeders in Australia are looking at staple length and shearing twice a year. This is an area of concern as FLH does not need a longer staple. The second shearing is being trialled at

Walker Creek with the shearlings.

IC asked if Michella has been approached to bid for the AI work at FLH. GM said he had met with Michella, sent her the information but had heard nothing back. He thought there were additional benefits with using Jose as most of the staff speak Spanish and he can work with them easily. This time it was hoped he would carry out the grazing visit to Fitzroy in the middle of the AI at GG and NA to prevent tiredness at the end of the programme. It was thought that last year this showed in some of the results.

Horticulture – GM met with the visiting Horticultural Consultants brought to the Islands by the RDS. The Consultants were taken to look at potential sites within Fitzroy. The GM is waiting for their draft report and will bring an update on this project to the Board. TM commented that this visit was very good and a really useful week. PR asked if this was being looked at on all farms and not just Fitzroy as this is an opportunity to build communities. SD thought North Arm was too far away from the market place, but TM thought this would just depend on the crops grown. **GM**

Tannery – PR declared an interest in this subject. The GM has had a discussion with H Boughton and although there is an element of competition he was not overly concerned as he is happy with his niche market into one retailer. Henry emphasised that tanning skins is not an easy process as each skin is different. Tanneries are extremely labour intensive and we have to be careful and be able to break even. A company has approached the GM expressing an interest in purchasing skins to be sent to Uruguay for processing. The GM has been in contact with N Judd to better understand the initial thinking behind this project. The GM continues to work with FIDC on this project and will bring an update to the next board meeting. **GM**

Livestock Supplementation – GM has met with the Nutrition Advisor at the DoA and livestock will be identified on farms to carry out the 2017 trial. The DoA has discussed this with the Farm Managers. Potentially reduced freight from Montevideo looks promising along with better prices.

Goose Green – KA

Shearing, 27,000 sheep have been shorn and although very slow the shearing gang is remarkably still on track. The hogget losses are at 8% between marking and shearing. 420 bales of wool have been pressed. The whole future of FLH shearing needs to be seriously looked at and perhaps the need for 2 gangs has arisen.

The AI 2015 drop has been shorn and the results of these will be circulated to Board members. Interestingly the breeds that looked

FOR PUBLICATION

the best when marked do not now and have been overtaken by the others.

Settlement maintenance has been progressing really well and one warehouse has been completely re-tinned and the second started. There are the 3 roofs to go on houses at Walker Creek and 19 km of fencing to be erected. The dog cages have been completed.

Staff – Z Paul has now left after an unsuccessful probation period and this post will be covered by a seasonal worker. There is no digger operator but R Tellez has successfully passed his articulate truck licence and is carrying out this work. T Browning has now replaced H Clifton who resigned.

Cropping is ongoing with a lot of excellent help from A Dawes at the DoA.

Due to the departure of H Clifton we now no longer have an AI nurse to help Jose and G Newman has expressed an interest in doing this work. Jose is in agreement with this and N Heathman is going to give some practical help in training G Newman for a couple of days at the beginning of the programme.

While KA was in Australia, the DoA carried out a QFW Inspection of the shed at Walker Creek and he considered their findings over the top. If QFW was going to include gratings then this is an island wide problem. An issue with the colour of the lights in the shed was also highlighted. KA commented that if this inspection is not brought back to a sensible achievable format then it would be hard to continue. IC informed the Board that this process was currently undergoing a review.

The trip to Australia was very good and there were several benefits and it was excellent to be able to pick rams for the AI Programme. The visit to the Adelaide show was very good and gave the opportunity to see hundreds of breeds of animals. There was also opportunities to visit a large abattoir, meet wool buyers, a working shearing shed and visit old friends. The downsides were very few although seeing one of the rams FLH had used was one.

North Arm –SD

The Australia trip was excellent and SD thanked the board for this opportunity. What was noticeable was that farmers were feeding their animals at good times of the year to keep pastures for winter feed. It was an eye opener to see some of the shearing sheds as many where not of the good standards here in the Falkland Islands.

Shearing is costing a lot and we cannot continue like we are at present.

FOR PUBLICATION

Lambing looks good due to weather so there should be some decent results this year.

NA lost 1,300-1,500 hogget's between marking and weaning. They just vanish and you don't even see the bodies. It appears they are disappearing between the months of Jan – March and this is up to 10%. SD asked if there was any merit in getting some trackers to put on them. IC sees addressing young sheep mortality as a priority. It was agreed that FLH and DoA would work together and see if some tracking devices could be obtained to get a better understanding of these losses. **GM/SD/I
C**

Beef has been fetching good prices, averaging £630.00 per steer.

Staff is consistent and all posts are full.

Pasture, 62 hectare grass and 10 hectare swede have been sown and 20 hectare has been sprayed. There is 40 hectare to be burnt to sow oats and more swede. 50 hectares has been top dressed with grass. Currently last year's weaners are grazing this pasture and look grown enough to already go to FIMCo. It costs about £25,000-£30,000 a year to put down these pastures but the returns on the cattle is significant so at the moment that is what they are utilised for.

Settlement maintenance is ongoing, with roofs fitted and fencing progressing well and the race to North West Arm complete.

Fitzroy Farm - GC

The visit to Australia was excellent and a lot was learnt and gave better ideas for selecting rams.

Staff – there is currently 2 seasonal workers and another has just replaced I McLeod who has resigned but continues to help out on a casual basis.

Shearing went well although slowly. The cook could not continue on the first day as took ill so S Clarke took on this task. Shearing was so slow that GC shored some sheep to keep them on track for finishing. There is more sheep that should have been shorn in this first round but due to a fence being flat they are now in with the ewes which are lambing. 5,600 sheep were shorn and 85 bales of wool pressed.

Pasture – P Phillips has planted 42 hectare with grass and A Dawes has been very helpful from the DoA.

FOR PUBLICATION

Lambing looks good but due to the late lambing and the weather it will not be known until lamb marking the full outcome.

The shearing shed is now complete and is being repainted to match the rest of the settlement. The new sheep pens are progressing well. The new kitchen for the big house is at Fitzroy but now a contractor is needed for the installation and the foundation for the new dog cages has been laid.

KK commented that all of the settlements are looking really good with all of the works that have been carried out.

9. Bank Mandate.

The purpose of this paper is to update the current bank mandate with the removal and addition of new signatories.

The meeting agreed to the removal of Keith Padgett as an “A” signatory and the addition of Barry Alan Rowland as an “A” signatory.

10. Australia Visit.

This paper was presented by the GM to provide an update to Board Members regarding the recent visit to Australia.

The paper showed the key findings and benefits from the visit made by the GM and Farm Managers between the 27 Aug and 17 Sept.

The team visited the four Poll Merino Sheep studs that have supplied genetics in the 2015 and 2016 AI Programmes. There was an opportunity at each stud to visually assess and compare the objective measurement data of their rams.

The GM attended the World Merino Insight Conference which was attended by people from all over the world. It highlighted that merino sheep numbers are still declining worldwide.

The GM drew attention to the value adding opportunity commenting that we do have some unique attributes for wool in FLH. IC noted this could have a double edged sword effect as mortality and shearers' stories may have to be managed. The GM said you have to be careful about the message you put out and manage any risks.

11. Date of next meeting.

Friday 3rd February 2017 8.30 Chamber of Commerce.

PART 2

12. Exclusion of Press and Public

The Committee resolved to exclude the press and public on the grounds that the next items of business to be considered were exempt within the terms of paragraph(s) 7, 9 & 10 of Schedule 3 of the Committees (Public Access) Ordinance 2012 relating to information about individuals, Information about others' financial and business affair and Information about relevant contracts and negotiations.

13. Confirmation of Exempt Minutes of the meeting held on 19th August 2016.

Not for publication by virtue of paragraph 7, 9 & 10 of Part I of Schedule 3 of the Committees (Public Access) Ordinance 2012 relating to information about individuals, Information about others' financial and business affair and Information about relevant contracts and negotiations.

The Exempt Minutes were confirmed as a true and accurate record.

14. Matters arising from the Exempt Minutes of the meeting held on 19th August 2016.

Not for publication by virtue of paragraph 7, 9 & 10 of Part I of Schedule 3 of the Committees (Public Access) Ordinance 2012 relating to information about individuals, Information about others' financial and business affair and Information about relevant contracts and negotiations.

There were two corrections.

15. Annual Audited Accounts.

Not for publication by virtue of paragraph 7, 9 & 10 of Part I of Schedule 3 of the Committees (Public Access) Ordinance 2012 relating to information about individuals, Information about others' financial and business affair and Information about relevant contracts and negotiations.

The Audited Accounts were presented to the Board for approval and signature.

16. Bonus Payments.

Not for publication by virtue of paragraph 7 & 10 of Part I of Schedule 3 of the Committees (Public Access) Ordinance 2012

FOR PUBLICATION

relating to information about individuals and Information about relevant contracts and negotiations.

This paper was brought to the Board to update on activities and actions since the last meeting and to seek approval for the recommendation.

17. Tractor Incident.

Not for publication by virtue of paragraph 7 & 10 of Part I Schedule 3 of the Committees (Public Access) Ordinance 2012 relating to information about individuals and Information about relevant contracts and negotiations.

This paper was brought to the Board to give an update regarding the tractor incident at Walker Creek.

This was an unfortunate accident and a full written incident report was given by the section supervisor. It was agreed that there were lessons learnt.

18. General Managers Report

Not for publication by virtue of paragraph 7, 9 & 10 of Part I Schedule 3 of the Committees (Public Access) Ordinance 2012 relating to information about individuals, Information about others' financial and business affair and Information about relevant contracts and negotiations.

This paper was to update the FLH board on activities and actions since the last meeting.

19. Leases

Not for publication by virtue of paragraph 7, 9 & 10 of Part I of Schedule 3 of the Committees (Public Access) Ordinance 2012 relating to information about individuals, Information about others' financial and business affair and Information about relevant contracts and negotiations.

This paper was to inform the Board of current applications to lease FLH land for buildings. The GM asked the Board to approve recommendations.

Minutes confirmed this day of 2016.

Chairman