



Taking the next step

Succession is a multi-generational issue for farmers, **Mike Bland** writes.

A good succession plan must consider the wellbeing of three generations, King Country farmer Nick Street says.

With wife Jo, his parents and his sons, Nick is in the process of setting a succession plan for their family's country farm at Otunui, west of Marunui.

While any business involving family can be risky at times, the Streets believe their native plan will meet the emotional and financial needs of Nick's parents, Glenda and Glenda, his sister Rachael, his brother James and his wife (Rachel) in the next generation that follows. "Dad is still heavily involved with the business," Nick says.

He and Mum have made a significant investment in this place and provided us with lots of opportunities, so it's important to ensure they are taken care of in retirement. Their success is our success and our success is our children's success." Nick is the fifth generation on Okohua and he is proud of the legacy his forebears

have created. The original 465-hectare farm was settled by his great, great grandparents, Henry and Nancy, who took up the ballot block in 1908. A dominant feature of the original block is a large bluff that runs right down the middle.

Nick's father Graeme believes the bluff is an attractive feature, but it was probably a turn-off for potential buyers when the farm was balloted. Henry Street, a former blacksmith, saw beyond the bluff, recognising the farming potential of some of the easier-terraced contour around it.

Subsequent generations of the Street family have added more land to the business, bringing the total to 1624ha, of which 1450ha is effective. The most recent addition is 376ha (270ha effective) of easy to medium-hill bought in April 2016.

Nick and Jo and their two young daughters Rosie and Eva now live on this block.

Rising from 160 metres above sea level to 550m ASL, Okohua has about 300ha of easy-rolling contour, 490ha medium hill and 660ha steep. The balance is in forestry,



Nick and Jo Street returned to their family's farm three years ago.

native bush, cliffs and gullies.

About 16,000 stock units are wintered on Okohua, including 6600 ewes and 1900 ewe hoggets (all scanned-in-lamb), 365 Angus cows and 135 heifers (vetted-in-calf), 450 R1 steers and heifers and 60 R2 steers and heifers. The bulk of the lamb crop is finished and most steers and surplus heifers are sold store.

» Growing the asset p18



Okohua has been farmed by the Streets since 1908.

For management purposes the farm is split into two main blocks. Nick looks after the 'top end' of the farm, which includes the new block and comprises much of the finishing contour, and Peter Birkett manages the 'breeding block', which includes the original farm.

Graeme Street oversees the whole operation from 125ha Hikumutu, a nearby block which is used mostly for terminal trading stock. Shepherd Hamish Neal completes the team, with casual labour employed for docking and crutching and contractors brought in for shearing and new fencing.

'I had a portfolio of more than 30 farming clients and listening to them made me think about some of the things I could do with my own family back home on the farm.'

Nick and Jo returned to the farm three years ago after Nick gave up a 10-year career in rural banking. Jo worked as a personal assistant at a large accountancy practice in Tauranga.

Though Nick was born and raised on the farm, he admits farming wasn't at the top of his career list at first. He completed a degree in applied science, majoring in agriculture and agribusiness, at Massey University and then joined the National Bank, starting in Timaru and then moving to the Bay of Plenty.



Nick Street is preparing to take over part of Okohua Farm.

"I had a portfolio of more than 30 farming clients and listening to them made me think about some of the things I could do with my own family back home on the farm."

After leaving the bank he worked as a shepherd for a year on Tony and Jo Carr's sheep and beef farm near Rotorua. He found the experience inspiring.

"I learnt so much from working there and would have stayed longer, but a shepherd's job came up back home and Jo and I decided it was time to make the move."

After 10 years in rural banking, Nick had plenty of experience in analysing farm businesses and strategic planning and he was keen to put this into action.

He enjoys the monitoring side of the farm business and analyses every aspect of the operation carefully.

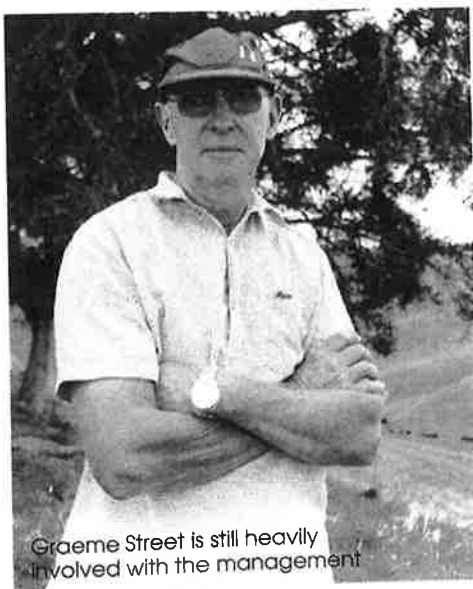
But he admits he is still learning when it comes to practical farm management and draws heavily on the experience of Peter Birkett and his father.

"I've always wanted to work with Dad. There's no substitute for the practical knowledge he has."

Graeme Street still loves the farm and enjoys working alongside his son. But eventually he and Glenda plan to retire to a lifestyle block closer to Taumarunui.

"I don't want to live in town."

But he and Glenda will still take a keen interest in the farm they have lived and worked on for so long.



Graeme Street is still heavily involved with the management

Growing the asset

Nick and Jo started the succession planning process soon after arriving back home.

"Now is the time to be thinking about it, not 20 years down the track," Jo says.

Nick says the farm has always been treated as a business that will benefit the whole family.

"The aim is to grow the asset to a stage where it's viable for the next generation to farm it while also providing the previous generation with a good retirement."

Ensuring his parents can retire comfortably is hugely important "because they have worked so hard for this".

In July last year the Streets created a limited partnership, Okohua Farm LP, to make the succession process open and equitable and allow family members to invest capital into the farming business if desired.

The directors are Nick, his brother James, who is shepherding on Tony and Jo Carr's

farm, the same property Nick worked on, and their father Graeme.

James and his wife Rachel, a trainee doctor, plan to return to Okohua within the next few years.

"That was a big factor in the decision to add the new block three years ago," says Nick.

"It gives us the scale to split the farm into two and still be economic."

The farm has a natural boundary that will make the physical split easier. Nick will eventually farm 510ha effective, with James next door on 815ha.

Graeme and Glenda Street are delighted that Nick and James are both involved with the business.

"My father, Noel, is now 91-years-old, and, like us, he is very pleased to see another generation follow on at Okohua Farm," Graeme says.

He says the farm will benefit from the different skill sets offered by his sons and their partners.

"Nick's brought his financial skills to the business and James has considerable

engineering experience and has been farming in Timaru, Gisborne and now Rotorua."

Jo Street says the succession plan was developed in consultation with the whole family, and independent advice was sought from KPMG in Tauranga. Accountants Bailey Ingham in Otorohanga helped to facilitate the agreement.

Okohua Farm LP has bought 100% of stock and plant from Graeme and Glenda, and leases the land at market rates.

"It's important that everything is done on a commercial basis because that way it's fair to all parties and no favours are shown to any individual," Nick says.

"We are trying to keep things as professional as possible, so we will be having directors' meetings on a quarterly basis from May 1."

In the meantime the partnership will explore ways to provide retirement income for Graeme and Glenda and secure assets to support Rachael, a physiotherapist in Hamilton.

"Succession becomes easier if you've got a bigger, more diversified asset base to work with," Nick says.

"To achieve that, we are looking at investing in high-returning, low time-input businesses that are not related to our core business."

For example, in 2017 the Streets joined forces with a group of kiwifruit growers to set up a syndicate to buy and develop a kiwifruit orchard in Hawke's Bay. This orchard has now been developed and converted to gold kiwifruit.

"The orchard syndicate gives us an interesting viewpoint of another industry, and the business pays a dividend at a time of the year when seasonal farm returns are low," Nick says.

He and Jo are also looking at ways to diversify income on the farm, which sits just off the Forgotten Highway.

"One of the things we've been considering recently is rural tourism and that could mean setting up accommodation on the farm for those people who want to get away from it all." 