# Bringing in the sheaves

Alan Wood

South Island sheep farms are undergoing a conversion to wheat, barley, maize and pea crops under an investment plan concocted by a former corporate high-flier.

Kiwi Michael Hamilton spent 14 years with global food giant H J Heinz as an executive in Australia, South Korea and Singapore, also working for Heinz units Tegel and Wattie's.

But for the last 18 months he has been back on his home turf searching out suitable land for growing and harvesting crops for his own firm, North Canterbury Agriculture (NCA).

So far NCA has been self-funded but with further funds sought by former Fay Richwhite employee John Paine, who worked for the Auckland investment bank for 16 years.

Hamilton said since June 2007 he had already spent about $1.8 million of his own money and bank debt on cropping development in the South Island foothills.

He now has about 2440 hectares of oil seed rape (used for biofuel), wheat and maize (stock feed), and peas for the dinner table planted at locations from the Hakataramea Valley in South Canterbury to Darfield, Rangiora and Oxford.

In the year to June 2009, he forecast $5.3 million of revenues from crop harvest sales and a small amount of dairy grazing.

Back to the land: Michael Hamilton, a former executive of global food giant H J Heinz, is buying land for arable farming in Canterbury.

The following year revenues would jump to $8.1 million, with "world grain prices on the way back up again", Hamilton said.

Hamilton – originally an accountant from Timaru – said getting land to lease was relatively easy, because farmers could triple their income by handing over the land for use by a cropping specialist.

Cropping was the best option because dairy commodity prices were getting stretched, and good dairying staff were hard to come by.

"I sat back and said I didn't want to buy land because the return on investment's just absolutely terrible . . . and [leasing] land isn't an issue because all these sheep farmers just want to get out," Hamilton said.

The total land available in Canterbury for cropping was estimated at about 1.4 million hectares – mainly used for the declining sheep industry, according to the Agriculture and Forestry Ministry.

"At a time that the average sheep farm was roughly a $20,000 gross profit, sheep farmers can easily triple their income through leasing to croppers who can pay $500 to $800 per hectare," Hamilton said.

"On that basis, a sheep farmer could get $100,000 in the hand from a 200-hectare block."

Paine now works for Auckland finance or funding broker Global Pacific Corporation and is seeking about $1.5 million to help Hamilton take the cropping company to the next level.

Hamilton said he hoped the raising would be completed in February or March.

"We've had a few problems this year cashflow-wise, and what we're looking for is further investment to grow the business – take on more staff, buy more capital equipment and buy more land to grow crops," Hamilton said.

The company already had five John Deere tractors and three harvesters.

Paine said the global financial crisis was exacerbated by people expecting assets such as land to keep inflating in value, but now that bubble had burst, leasing land made sense.