

DAIRY BUSINESS OF THE YEAR



2019 Regional Optimisation Day

NZ Joint Runner Up

Best Canterbury Farm Performance, Business Resilience Award &
Best People Leadership Award

Brent & Rebecca Miller, Andy & Rachele Morris River Terrace Dairy Ltd

908 Withells Road, Ashburton

Tuesday 5 November 2019



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DAIRY BUSINESS
OF THE YEAR



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Key Performance Indicators Summary

Please Note: benchmarks used in this report should be considered as indicative only and may or may not precisely reflect the regional average.



Farm System	River Terrace 2017/18	Canterbury Average	Canterbury Top 10%
Total Hectares	283	-	-
Effective Hectares	273	241	233
Effective Milking Hectares	271	240	231
Peak Milking Cows	925	837	888



People Productivity	River Terrace 2017/18	DBOY National Average	Canterbury Average	Canterbury Top 10%
People Investment per Cow (\$)	\$318	\$391	\$407	\$346
Cows per Full Time Equivalent (50hr FTE)	201	166	159	191
Training spend per FTE in Dollars (\$)	\$0	\$385	-	-
Training spend per FTE in Time (hrs)	9.78	33.33	-	-
Unplanned Costs per FTE (\$)	\$0	\$169	-	-
Unbudgeted Days Lost per FTE	1.52	1.21	-	-
Labour Turnover - Management Staff (%)	0%	15%	-	-
Labour Turnover - Non-Management Staff	0%	31%	-	-



Environmental Management	River Terrace 2017/18	DBOY National Average
Effluent Pond	Lined	Lined
% of Farm Irrigated with Effluent	68%	41%
N Loading on Effluent Area (kg/ha)	57	105
KgMS/ha per KgN Loss/ha	20	30
N Leached (kg/ha)	78	52
N Conversion Efficiency (%)	27	28
Soluble N Use (kg/ha)	275	150
P Loss (kg/ha)	0.7	1.8
Olsen P Levels	At Optimum	At Optimum
Winter Cropping % of Farm	0%	2.8%
Winter Soil Management	Cows Stood off on Yard	Formal Standoff
Green House Gases (Total CO ₂ Equivalents)	15,657	16,268



Livestock Management

	River Terrace 2017/18	Canterbury Average	Canterbury Top 10%
Peak Milking Cow Numbers	925	837	888
Stocking Rate (Cows/ha)	3.42	3.51	3.86
Stocking Rate (Kg Live weight/ha)	1,641	1,735	1,911
Core Costs per Cow (\$)	\$655	\$739	\$660
Milk Production per Hectare (kgMS/ha)	1,692	1,511	1,862
Milk Production per Cow (kgMS/cow)	495	433	485
Milk Production as % of Live weight	103%	87%	97%



Feed Management

	River Terrace 2017/18	Canterbury Average	Canterbury Top 10%
Stocking Rate (cows/ha)	3.42	3.51	3.86
Stocking Rate (kgLW/ha)	1,641	1,735	1,911
Pasture Harvested (PH) (tDM/ha)	15.5	13.1	15.5
Pasture as % of Diet	78%	71%	71%
Core Costs/ha per tDM PH (\$)	\$75	\$122	\$105
Feed Conversion Efficiency (kgDM/kgMS)	11.33	11.74	11.22
Total Consumed per Cow (tDM)	5.68	5.21	5.59
Pasture Consumed per Cow (tDM)	4.55	3.84	4.14
Forage Consumed per Cow (tDM)	0.69	0.99	1.03
Concentrate Consumed per Cow (tDM)	0.62	0.64	0.72
Average Feed Cost (/tDM)	\$318	\$389	\$345
Pasture Costs (/tDM)	\$292	\$377	\$326
Forage Costs (/tDM)	\$419	\$435	\$404
Concentrate Costs (/tDM)	\$403	\$396	\$374



Profitability

	River Terrace 2017/18	Canterbury Average	Canterbury Top 10%
Return on Capital (%)	7.5%	4.7%	7.7%
Return on Assets (%)	7.5%	4.7%	7.7%
Operating Profit Margin (%)	42%	28%	40%
Operating Profit per Hectare (\$)	\$5,286	\$3,087	\$5,437
Gross Operating Revenue per Hectare (\$)	\$12,458	\$10,891	\$13,487
Gross Operating Expenses per Hectare (\$)	\$7,172	\$7,804	\$8,049
Milk Price per kgMS (\$)	\$6.69	\$6.58	\$6.62
Gross Revenue per kgMS (\$)	\$7.36	\$7.21	\$7.24
Farm Working Expenses per kgMS (\$)	\$3.59	\$4.38	\$3.73
Operating Expenses per kgMS (\$)	\$4.24	\$5.16	\$4.32

Definitions of KPIs

UNDERSTAND WHAT YOU'RE COMPARING

It is important to have an understanding of how your physical and financial Key Performance Indicators (KPIs), and the benchmarks you are comparing, are calculated. See www.dboy.co.nz for more detail.

Gross Revenue calculations for the DBOY competition are determined using an accrual basis, which means that the gross revenue is calculated on the milk produced in the season that is being analysed, times (multiplied by) the amount paid for the milk that was produced in that same season. It is important to note that this differs from the actual gross revenue that is received within the dairy farming enterprise, as income received in the season being analysed includes last year's deferred payments and a portion of the payments received for the season being analysed.

When measuring financial performance within a production season to determine business profitability, using non-accrual gross revenue is somewhat misleading when there is significant season to season variation in payout, and/or above normal variability in weather conditions, i.e. if the season prior to the production season being analysed had a higher payout it would bump up the gross revenue received in the production season being analysed. Because DBOY uses accrued revenue when calculating gross revenue, it provides a truer representation of the income generated in the season being analysed, so cost, production, and revenue, are more aligned.

Gross Expenses is the total operating expenses that are incurred during the production season being analysed and adjusted for feed/supplements on hand at opening and closing of the season, imputed (unpaid) labour and management, depreciation, and other expense adjustments. Gross Expenses does not include financing costs. This includes adjustments for expenses paid in the year being analysed that relate to production from the previous or coming year, such as prepaid fertiliser.

Operating Profit per hectare is gross revenue minus gross expenses or operating surplus +/- adjustments divided by effective hectares. Operating Profit per hectare excludes all financing expenses.

Farm Working Expenses per kgMS (FWE/kgMS) is all physically paid expenses (real cash payments). This gives an indication of cashflow but is not a comparable figure between businesses. Adding financing cost to FWE/kgMS will provide the break-even point in terms of cashflow, indicating the revenue required from milk and livestock sales to ensure there is cash in the bank.

Operating Expenses per kgMS (OE/kgMS) is the FWE +/- non-cash adjustments including depreciation and imputed labour. This indicates the overall expense of the business on a per kgMS basis. Adding financing costs to OE/kgMS provides the break-even point for the full business or the revenue required from milk and livestock profit (gross revenue per kgMS).

Operating Profit Margin represents the percentage of gross revenue retained as profit for interest payments, principal repayments, tax and true 'profit' (e.g. a 25% margin would mean \$0.25 for every dollar is available for paying interest, principal and tax). The higher the OPM the more secure and resilient the business is. OPM target levels should be relative to the farm system being operated, with high feed-input systems generally achieving lower operating profit margins than low feed-input systems.

Cost of Production of a kgMS (COP/kgMS) is the OE less non-milk revenue which shows the cost to produce the milksolids alone. Calculated from manufacturing milk sales (less operating profit) divided by total milksolids sold or gross operating expenses less non-milk revenue / total milk solids. This calculation provides an estimation of the net cost of producing one kilogram of milksolid. This is a key indicator of resilience, as having a low COP will enable a business to withstand fluctuations in milk payouts. The cost of production/kg milksolids plus financing is effectively the milksolids price the business requires to break even, as it combines both COP/kgMS and debt servicing costs.

Return on Capital (ROC) equals operating profit divided by total assets FARMED. The most important measure of profitability is Return on Capital (ROC). This is calculated by dividing operating profit by the total value of all assets (both owned and leased). The operating profit calculation includes an assigned lease fee on support blocks utilised in the business. This generates a profitability value which can be compared across all business types, and accounts for farms with a lower milk production capability against those with a high milk production capability. To maximise ROC it is important not to over-capitalise, as this in turn would require an increase in operating profit to achieve the same ROC. The capital includes; all land (milking and support), livestock, vehicles, plant and machinery, and dairy company shares and other farm related shares.

Return on Asset (ROA) is operating profit minus lease fees divided by total assets OWNED. This is all farm assets owned by the business, meaning it includes all assets whether financed or owned outright and excludes all leases.

Return on Equity (ROE) is operating profit, less lease fees, less interest, divided by equity. ROE includes all assets that are owned outright and excludes all leases and the financed portion of assets, providing a comparison to money invested in the bank. ROE provides the most important indicator of net wealth growth.

Pasture, Concentrate & Forage Cost includes direct purchase (or production) costs, variable expenses (the costs associated with feeding out including repairs and maintenance on machinery), and capital cost (the cost of owning land and any infrastructure such as silage pits, in-shed feeding systems or Herd Homes). This calculation is also adjusted for a wastage value on feed lost during storage and feeding.

Effective Milking Hectares is the true area over which the milking cows graze. When young stock graze even briefly on farm, the grass they consume is no longer available for milking cows, hence the milking platform is effectively reduced. This makes the KPIs comparable between farms that graze heifers on-farm and those who graze off-farm.

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Welcome

Regional Optimisation Days are held on the DBOY19 Regional Winners' farms throughout New Zealand during October and November. These field day events are a great day out and an excellent opportunity to hear and learn from some of New Zealand's most resilient, sustainable and innovative dairy farmers. Attending these events provide the opportunity to see first-hand those farming principles that are applied on these profitable and resilient farms, and a perfect time to ask questions, share ideas, and to expand your own farm knowledge that could then be applied to your farming system.

As outlined in the DBOY purpose statement, there is also a focus on the environmental management and people productivity at these events, which, along with the financial performance, demonstrates why and how these farming enterprises are sustainable businesses that perform year on year.

Remaining profitable during years of volatile milk payouts, while staying focused on environmental good practice, and supporting the people on your farm to perform at their best for themselves and for your business, are critical factors in operating a sustainable and resilient business.

Benchmarking across a number of Key Performance Indicators (KPIs) is the only way to objectively assess your business performance against your peers. While focusing on farm performance, this field day also places an emphasis on the use of benchmarking to continually refine and modify business performance.

DBOY's Vision & Purpose Statement

The strategic purpose of Dairy Business of the Year is to contribute to dairy farmers and the dairy industry in New Zealand by:

- 1. challenging paradigms to bring about ongoing improvements in farm profitability;*
- 2. developing resilient and sustainable farming systems;*
- 3. recognising and reinforcing the value of motivated and innovative people within farming enterprises;*
- 4. increasing the awareness of dairy farming practices that minimise dairy farming impact on the environment;*

To bring about positive change across these four core objectives Dairy Business of the Year activities and events encourage dairy farmers of every scale and business model to benchmark profit, people management and environmental practices to identify gaps and implement solutions.

Health and Safety – Emergency Plan

General Information

Property Address: 908 Withells Road, Ealing, Ashburton

DBOY Officer: David Densley **Phone:** 027 748 2327

Hosts Names: Brent & Rebecca Miller **Phone:** 027 444 5677 / 021 989 633

Evacuation Procedures

Evacuation Signal	Safe Assembly Area Location
Air Horn and/or Verbal Instruction	Tanker Loop

Accident Procedures

1. **Stay Calm.**
2. **Shut Down** any plant or equipment.
3. Provide first aid if someone is injured.
4. **Dial 111** and ask for the appropriate emergency Services.
5. **Arrange** for someone to meet them at the front of the site when they arrive.

Earthquake Procedures

1. **Seek Shelter** under a table or solid object that will provide protection from falling debris.
2. **Keep Clear** of collapsible structures.

Other Emergencies Procedures:

In the event of a Fire, Chemical Spill, Gas Leak, Electrical Event or any other Emergency:

1. **Evacuate the Site** to a Safe Assembly Area.
2. **Dial 111** and ask for **FIRE**.
3. **Report** to the Officer or Host.

Health and Safety Kit

"Red Box" located prominently at the event meeting place contains:

- ✓ First Aid Kit(s).
- ✓ Fire Extinguisher or Fire Blanket.
- ✓ Air Horn.
- ✓ Sun Block.

Emergency Contacts

First Aider on Site:	Monique Stewart 027 438 8085
Nearest Medical Centre/ Hospital:	Four Peaks Medical Centre 03 693 8880
Police / Fire / Ambulance:	Dial 111

Hazardous and Restricted Areas

This is a working farm so please follow the below:

1. Stay clear of tanker tracks.
2. Do not touch electric fences as they may be live.
3. Stay clear of any drains and culverts - these will be pointed out to you.
4. Watch for bulls on farm, do not aggravate.
5. Do not enter paddocks or cross fences unless instructed to do so.
6. When in a paddock tread carefully and watch for rabbit holes and uneven surfaces.
7. Stay clear of effluent ponds, do not pass fences or climb structures.
8. Where children have been brought along, please supervise at all times in locations.

Sponsors Introduction

Gold Sponsors



David Densley, Consulting Manager
027 748 2327
david.densley@headlands.co

Please call Headlands on 0800 73 55 88 to ask which consultant will best suit your farm and location.



Pearce Watson, Head of Assets
021 779 855
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Ministry for Primary Industries
Manatū Ahu Matua



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Supporting Sponsors



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Neil Prior 027 886 6452
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Objectives of the Day

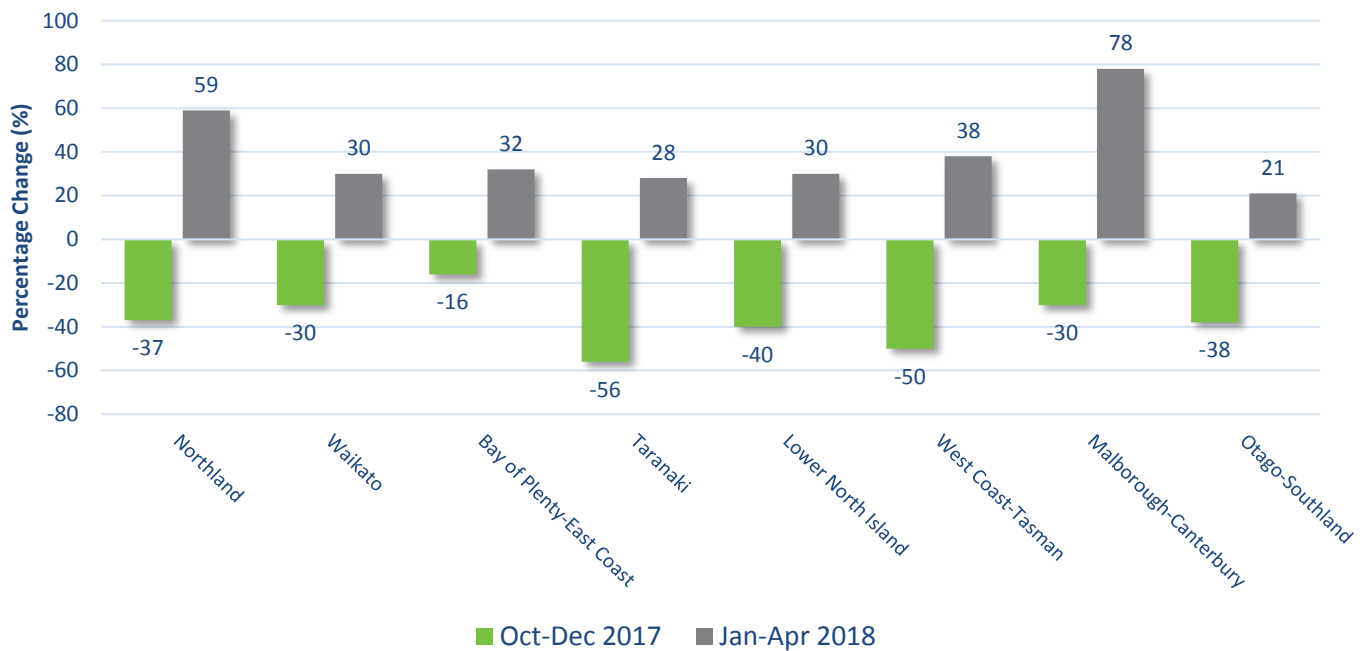
- ✓ Gain an understanding of how this farm has achieved top performance across financial, environmental and human resources management
- ✓ Increase awareness of the critical Key Performance Indicators (KPIs) that influence resilience and sustainability within a successful dairy system
- ✓ Recognise the value of benchmarking and identify potential growth opportunities within your dairy system
- ✓ Review the Return on Capital (ROC) achieved by DBOY finalists at various milk payouts with the purpose of asking this important question – how does your business compare?
- ✓ Address all queries and comments

What areas of your business do you need to spend more time in or on?

The 2017/18 Production Season in Review

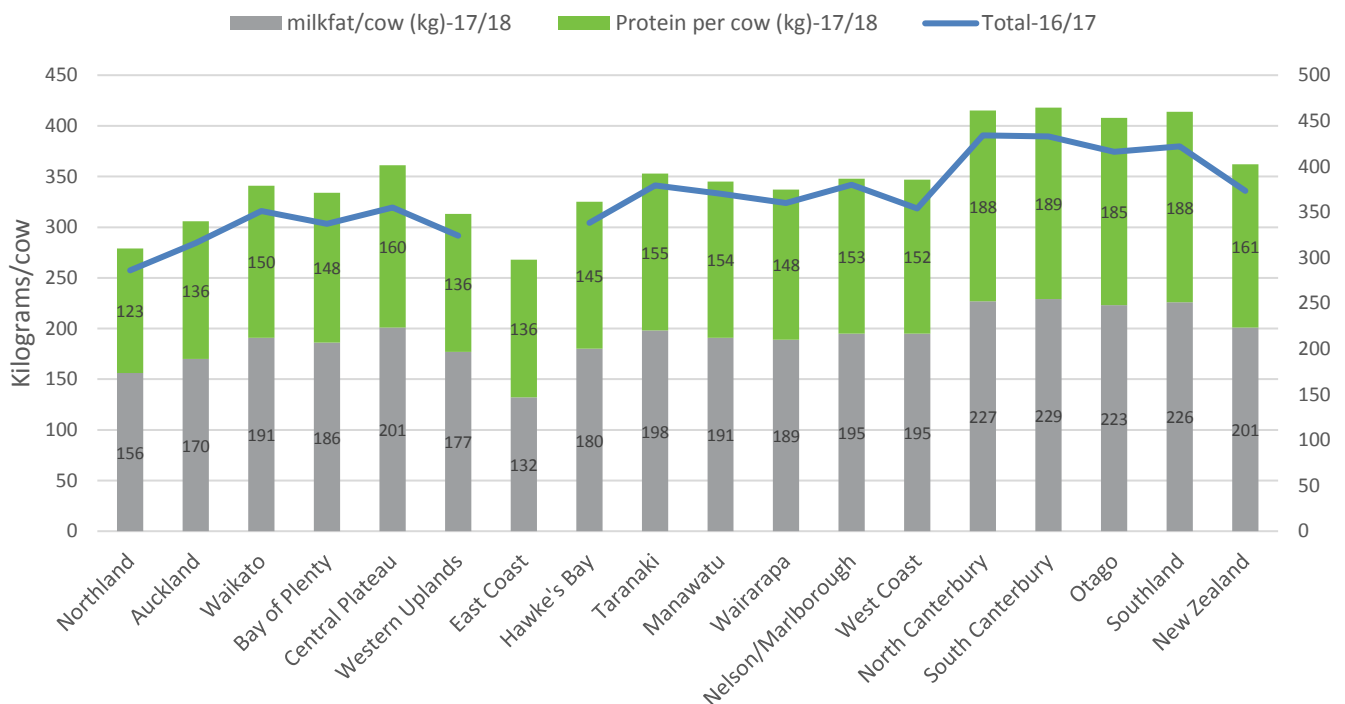
2017/18 Rainfall Summary¹

2017-18 Variation in Rainfall from Ten-Year-Weighted Regional Averages



2017/18 Milk Production Summary²

Ave. milkfat & protein production per cow by region in 2017/18 compared to 16/17



¹ Source: NIWA, DairyNZ Economics Group, New Zealand Dairy Statistics

² Source: New Zealand Dairy Statistics 2017/18 and 2016/17



Farm System and Farmers History

Farm System	River Terrace 2017/18	Canterbury Average	Canterbury Top 10%
Total Hectares	283	-	-
Effective Hectares	273	241	233
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Farm and Personal History

- Job History:
 - Andy & Rachele – both come from sheep and beef background
 - Brent – grew up in Christchurch until teenage years when his parents bought a small farm in north Canterbury. In 1997-98 he completed his Diploma in Agriculture.
 - Rebecca – grew up with a dairy farming family and moved around the North Island experiencing and learning dairy farming at the grassroots. Working in National and International businesses, in corporate sales, marketing, travel and tourism, and administration roles. Farmers, American Express, Gulliver's Travel, NZITO, and Connect NZ.
- How did you get to where you are now?
 - There were some big moments which changed the course of our direction.
 - Big Moment One: Climbing the ranks, through Farm Assist to 2nd in charge, then there was a real turning point where we had to decide to continue to dairy farm at all. We concluded, if we were going to keep going with dairy farming, it would be on our terms. We asked ourselves "What did we need to learn". So, we hunted for the best – best people, best training, great reputation. We approached the Spectrum Group, and they mentored, guided and trained us. They have been instrumental in our passion for the industry.
 - Big Moment Two: finding Andy and Rachele. They say that some things happen for a reason – finding Andy and Rachele was like finding out you've won a prize. Even though we believe that it's the synergy that we create together, we are forever grateful that we're here, working with owners who have become our Farmily™. Through them we have gone from Management, Contract Milking to Lower Order Sharemilking, one then to two farms, now milking 2,600 cows.
- Farm History:
 - River Terrace conversion was completed in the 2014-15 season. Previously it was used as a dairy support block for the larger partnership that was Ealing Pastures. The irrigation system was upgraded, and the whole farm was redeveloped.

Farm Philosophy and Systems

- “Treat others as you would like to be treated”
 - We realise that the one thing that we can control is our behaviour, attitude, reaction, and timing of decisions.
 - How we treat people is important and view our reputation as gold. We live in a small village called New Zealand, and it takes years to build a reputation, and minutes to break it. We view our relationships with ALL people as important to our business, whether they are delivering to the farm, or have worked in our business for many years.
- Our business exists to provide a foundation of positive collaboration for our people and the environment. We believe that through proactivity and engagement we can create a place everyone is winning and are proud to be.
- The Layers: the flow of communication and energy between the layers - it's like breathing. Where can you add value and add your energy to the whole operation. The timely flow of communication between the stakeholders, business to the team is so important, and is actioned organically, and continually.
 - **B – T – I = Business Team Individual.** The flow here is the timing of communication, knowing and understanding what the big picture is. We understand what the drivers are from Andy & Rachele, through to our teams' individual goals. One example is that we communicate the big picture to the team via the Farm Management Plan each year around March. Other strategies are continual communication, ensuring everyone is on the same page. We tend to include everyone, a value of ours is inclusion.
 - **S – T – O = Strategic Tactic Operational.** We realise that everyone has different strengths, needs, and goals. Our team has been together over a long time and have complementary strengths. The team knows what the farms strategic and tactical targets are. When it comes to the operational targets, we are flexible (there's more than one way to skin a cat) and include the whole team. We have created a more flatline hierarchy – similar to the Teal Organisation structure, with support so that no one is left to struggle.
- A couple of key things we do:
 - **SYSTEM – save yourself time energy money:**
 - Empowering our staff with the ability to make decisions on;
 - Feed quality
 - Problem solving
 - Prioritising multiple jobs to be done within the team
 - Training, mentoring and coaching
 - On-farm training
 - Open door policy
 - There is no problem we can't solve together
 - Everyone's eyes are on the prize - attention to detail, and engagement.
 - Time as a tool. We've realised that timing of a decision and the quality of that decision, makes the difference. We can't be everywhere at once, so

usually it's the person at the coalface, the person with the eyes on the situation who has ability/authority to make decisions, who controls the timing of the decision, and how they make it. This is dependent on what training and mentoring has gone into the staff member to reach the best possible outcome.

- What drives the success?
 - Our main drivers every day are to be the best we can be and ensure that we go beyond expectations in all areas of our business. We need to continuously benchmark and keep honing our skills.
 - Everyone is happy, onboard, engaged in the outcome. All stakeholders, BTI.
- Farm System Strategy:
 - System 4 feeding in the shoulders to extend lactation and support feed shortfalls while maximising pasture intake.
 - We feed grain and palm kernel in the spring,
 - Palm Kernel and fodder beet in the autumn to transition cows onto winter feed.



People Leadership and Productivity

People Productivity	River Terrace 2017/18	DBOY National Average	Canterbury Average	Canterbury Top 10%
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Key Concepts

- Rosters:
 - We give everyone a laminated annual roster;
 - The team has chosen 6 on 2 off – light duties on the weekends.
 - The team know in advance when their days are off and can plan.
 - People can swap and change days off to suit their needs.
 - If there are school events, appointments, etc. then the team can decide what can be done to accommodate this, so that no one misses out.
- Motivating and Engaging staff by:
 - We have team dinners, and an annual trip in June to the Tekapo hot pools.
 - We continually communicate and engage our team.
 - Profit sharing, if the business makes more so does everyone.
 - Big Birthdays, celebrations, Easter, Christmas dinners.
- What's Important to you as an employer:
 - Family™ - A Family is an intentional community on farm who look out for one another. The concept is simple, we form a cohesive environment where we look at the whole person. On our farm we have extended out our reach to the teams' family. This means, if they need to go to a school production, dentist or doctor, they can – this won't be taken off their annual leave. If the whole family is happy, then we are happy. We want to protect our people with psychological safety; they can go home to their families physically and mentally safe. When employing our last team member, we asked the whole team who they wanted. It was a matter of having a new person fit within our established culture. Everyone was included in the process.
 - Psychological Safety: This is especially important to us as employers of people. It's not just about protecting the person physically; we need to also protect their minds and hearts. We have always tried to create an environment where people aren't afraid to ask any question or be themselves. Our main goal is that their time with us, no matter how long or short, is one that adds value to their lives, not to detract.

- To us, employment of people is layered, and complex, as all people are different. As Forrest Gump says, “Life is like a box of chocolates, you never know what you’re going to get”. It is about developing authentic relationships, and it heightens the need to be an employer of choice, but now we need also to be an “Employer of Trust”.
- Everyone is a customer; we watch our language, intonation, attitude and behaviour. We’re in the business of creating win-win relationships.
- Have fun: enjoy the time on farm.
- Team compliance:
 - Timesheets are actioned every fortnight
 - We monitor everyone’s hours closely to ensure that hours worked are in alignment with our values of work life balance.
 - Non-negotiable is that all annual leave is taken by the end of the season.

This section of the DBOY Farm Performance Report is managed by No8HR. For further information on the people leadership scorecard or for advice with your own staffing, please contact No8HR on 07 870 4901 or visit www.no8hr.co.nz



HUMAN RESOURCES METRICS

River Terrace Dairy Ltd

No.8  HR

SECTIONS	MEASURED BY	Lower Score		Median	Good performance		Your Farm Results	Group Average	Your Score
BUDGETED SPEND	People Investment per Cow			■			\$318.28	\$390.69	1.89
UTILISATION	Cows per FTE				■		201.09	165.73	0.98
	Milk Solids per worked hour				■		38.27	27.43	1.13
TRAINING SPEND	Training spend per FTE in \$\$	■					\$0.00	\$385.32	0.00
	Training spend per FTE in hrs	■					9.78	33.33	0.37
UNPLANNED COSTS	Costs per FTE (milk co fines, employment disputes costs etc)				■		\$0.00	\$168.64	1.25
	Unbudgeted Days Lost per FTE (i.e. sick / grievance/ suspension / breavement)		■				1.52	1.21	0.43
LABOUR TURNOVER	Management Staff					■	0%	15%	1.25
	Non Management Staff					■	0%	31%	1.25
HEALTH, SAFETY & WELLBEING	% days lost due to injury per FTE					■	0%	0%	1.25
	Rostered Days off per annum per FTE					■	96.30	55.21	1.04

OVERALL SCORE
(out of 15) **10.82**



Environmental Management

Environmental Management	River Terrace 2017/18	DBOY National Average
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Winter Soil Management	Cows Stood off on Yard	Formal Standoff
Green House Gases (Total CO ₂ Equivalents)	15,657	16,268

Key Concepts

- We are extremely conscious of the environmental impact dairy farming has and try to mitigate our impact. Our intention is to be compliant in all areas and do what we can within our control to achieve this.
- Our next step for River Terrace is to reduce our N loading. Work with the Kanuka Regenerative Mid Canterbury trust and MPI and investigate how we can decrease/offset our greenhouse gas emissions.
- At present we are putting in catch crops after winter feed.
- We have a lower stocking Rate which is 3.6/ha. We are targeting higher per cow production through actively monitoring and managing the feed per cow.
- Actively using our moisture probes to determine water deficits or surpluses. We also monitor soil temperatures, for the application of fertilisers, in conjunction of monitoring grass growth.
- Soil Testing: Every three years we action a whole farm soil test, to identify exactly what base fertiliser needs to go on and where. From this and variable rate application of the fertiliser we have decreased our overall base fertiliser usage and had a huge impact on the cost savings. This has paid for itself well and truly.
- Effluent application: effluent is applied to 60% of the farm at low rates through pivot irrigation with proof of placement through telemetry.
- Usage of water activated nitrogen (coated urea). This means less evaporation and wastage of Nitrogen into the environment.
- Staying fully compliant with being audited and verified.
- Staff are fully trained and aware of our necessity to remain compliant and keep in line with best practice.

Headlands Environmental Impact Assessment

River Terrace Dairy Ltd - Canterbury - Irrigated

Category	Best Management Practice Criteria	High Risk	Med-high Risk	Medium Risk	Med-Low Risk	Low Risk	Your Result	Your Score ²
Effluent	Lined/sealed effluent pond					■	Lined or Verified as Sealed	5
	% of farm irrigated with effluent					■	68	5
	N loading on the effluent area _{kgN/ha}					■	57	5
	Application rate 10mm or less					■	Less than 10mm	5
Nitrogen	KgMS/ha per kgN Loss/ha	■					20	1
	KgN Leached ¹	■					78	1
	N Conversion Efficiency ¹ %		■				27	2
	Soluble N Use ¹ _{kgN/ha}	■					275	1
Phosphorus	P Loss per ha ¹				■		0.7	4
	Olsen P Levels				■		At optimum	4
Irrigation	Soil Moisture Monitoring					■	Soil moisture monitoring system	5
	Precision Irrigation	■					Not used	1
Soil Protection	Winter Cropping Area ¹					■	0	5
	Winter Soil Management				■		Cows stood off on yard	4
Greenhouse Gas	Total CO ₂ Equivalents						15657	-
Your Total Score (out of 70)							48	
Your weighted DBOY Score (out of 15)							10	

¹ As defined by Overseer V6.3.0 ² Refer to appendices for criteria



Livestock and Production

Livestock Management	River Terrace 2017/18	Canterbury Average	Canterbury Top 10%
Peak Milking Cow Numbers	925	837	888
Stocking Rate (Cows/ha)	3.42	3.51	3.86
Stocking Rate (Kg Live weight/ha)	1,641	1,735	1,911
Core Costs per Cow (\$)	\$655	\$739	\$660
Milk Production per Hectare (kgMS/ha)	1,692	1,511	1,862
Milk Production per Cow (kgMS/cow)	495	433	485
Milk Production as % of Live weight	103%	87%	97%

Key Concepts

- Main Focuses:
 - Our main focus is keeping our cows at optimum health and fully feed throughout the season. We believe getting the cows to maximum intakes as soon as possible and maintaining high quality feed will get the cows to peak faster and hold the peak longer. Keeping the cows fully fed will mean more days in milk and result in a higher kgMS/cow production.
 - Management decisions are made throughout the season on cow condition with lighter cows put on once a day or dried off in April/May.
 - Days in milk is also a key driver for the farm. The more days in milk the cow has through the season the less she is costing the business.
- Stocking Rate:
 - The reason for the stocking rate on our farm is that it gives us more grass availability to fully feed our cows and deliver a high per cow production.
 - This stocking rate on our farm keeps up with overall grass grown throughout the season and minimise the use of supplement
 - At peak growth when cows cannot keep up with grass growth silage is shut up on the platform to increase the stocking rate and make winter silage for the support block which is decreasing wintering costs as well.

Cows

- 25th October start of mating. 1st August calving main herd, 25th July heifers
- PW=110/50 BW=78/42
- Condition score targets 4.5 dryoff, 5-5.5 calving
- Breed Friesian X
- Culling policies – In the list below, we look to first cull empty cows, then low producers, repeat mastitis/lame/non-cyclers, high somatic and 3 quartered cows.

Young Stock

- 25% replacement rate.
- Growth targets as per Dairy NZ guidelines.
- No extra stock reared.



Feed Management

Feed Management	River Terrace 2017/18	Canterbury Average	Canterbury Top 10%
Stocking Rate (cows/ha)	3.42	3.51	3.86
Stocking Rate (kgLW/ha)	1,641	1,735	1,911
Pasture Harvested (tDM/ha)	15.5	13.1	15.5
Pasture as % of Diet	78%	71%	71%
Core Costs/ha per tDM PH (\$)	\$75	\$122	\$105
Feed Conversion Efficiency (kgDM/kgMS)	11.33	11.74	11.22
Total Consumed per Cow (tDM)	5.68	5.21	5.59
Pasture Consumed per Cow (tDM)	4.55	3.84	4.14
Forage Consumed per Cow (tDM)	0.69	0.99	1.03
Concentrate Consumed per Cow (tDM)	0.62	0.64	0.72
Average Feed Cost (/tDM)	\$318	\$389	\$345
Pasture Costs (/tDM)	\$292	\$377	\$326
Forage Costs (/tDM)	\$419	\$435	\$404
Concentrate Costs (/tDM)	\$403	\$396	\$374

Key Concepts

Pasture

- We plate meter twice a week to get a better understanding of what the grass growth rates are doing and make timely decisions on increasing/decreasing round length, reducing nitrogen, shutting silage up and when to introduce supplements.
- Target drying off cover is between 2050-2100 kgDM/ha
- Winter management cows grazed on support block on beet kale, baleage and straw
- Summer quality management Topping/silage made to keep quality up 2800-2900 pre grazing. 1600kg residual

Supplements

- PKE, Grain in Spring. PKE Beet Autumn.
- We use supplements in the shoulders of the season to extend lactation and transition cows to beet for winter.
- 10ha beet on platform for Autumn and winter transitioning.
- 30ha beet, 15ha Kale for wintering.
- 30 ha grass for young stock during milking season.
- Every March go through a cropping plan with Andrew Brosnahan from PGG to outline where and when crops will be going for the next season. Giving us timings for spraying out paddocks, fertilisers and other sprays, etc. This then means that we can book in cultivation, spray and fertiliser contractors in advance to get it actioned in a timely fashion. This also means that we can get the right timing into the budget.
- Feed such as PKE and grain is bought on contract when a fair price is available and in enough quantity for the whole season.



Profitability of the Business

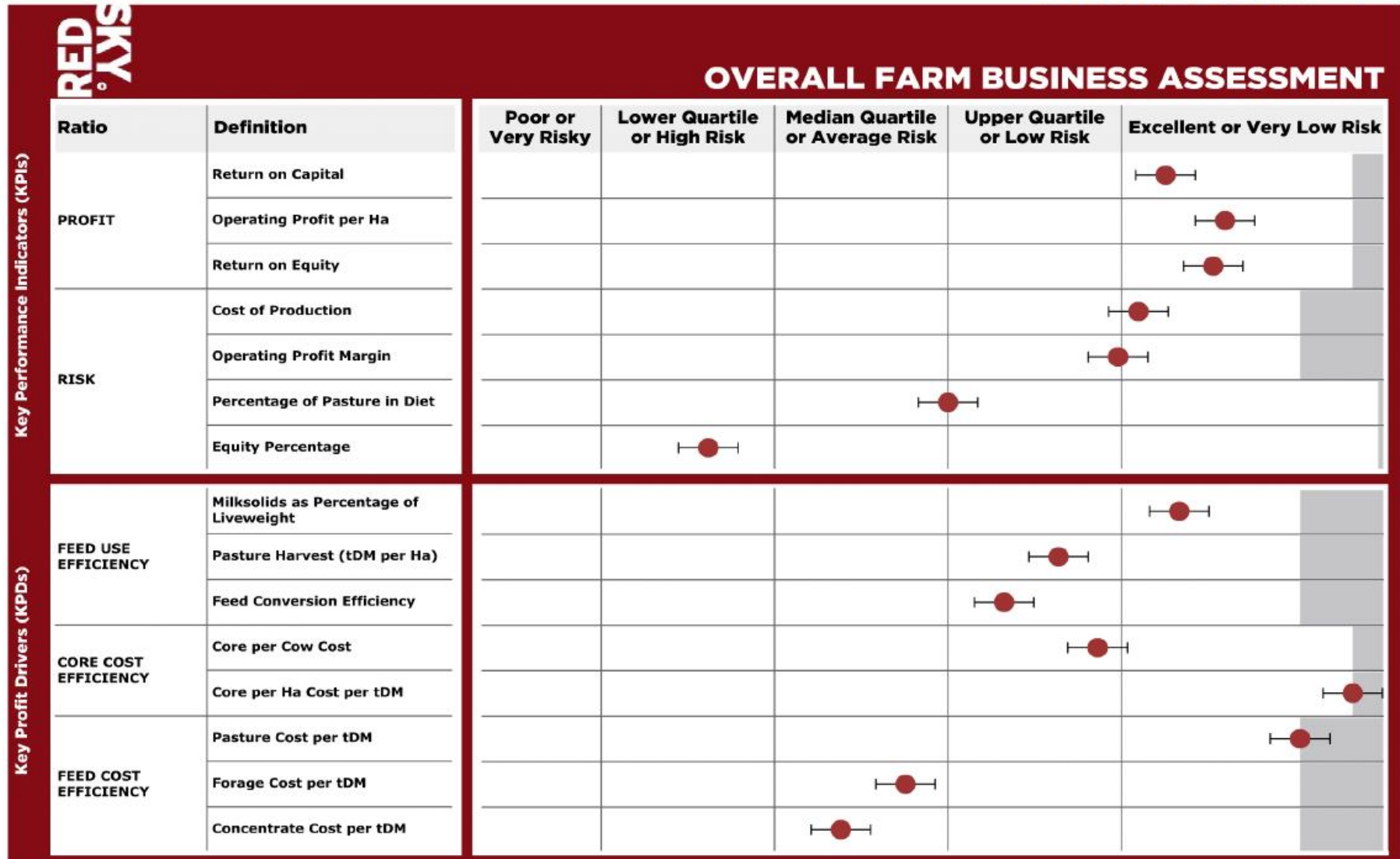
Profitability	River Terrace 2017/18	Canterbury Average	Canterbury Top 10%
Return on Capital (%)	7.5%	4.7%	7.7%
Return on Assets (%)	7.5%	4.7%	7.7%
Operating Profit Margin (%)	42%	28%	40%
Operating Profit per Hectare (\$)	\$5,286	\$3,087	\$5,437
Gross Operating Revenue per Hectare (\$)	\$12,458	\$10,891	\$13,487
Gross Operating Expenses per Hectare (\$)	\$7,172	\$7,804	\$8,049
Milk Price per kgMS (\$)	\$6.69	\$6.58	\$6.62
Gross Revenue per kgMS (\$)	\$7.36	\$7.21	\$7.24
Farm Working Expenses per kgMS (\$)	\$3.59	\$4.38	\$3.73
Operating Expenses per kgMS (\$)	\$4.24	\$5.16	\$4.32

Key Concepts

- Strategically: Budgets are developed and monitored closely, monthly.
- Tactics for tight times never left us, it is important that we are always thinking about cost vs value. To us the timing of a tactical decision is just as important as making the decision and acting. Making the decision too late because of indecision may cost us more money. An example of this is the timing of when to bring the feed in the shoulders.
- The need to measure, manage and monitor continuously and keep in front of any discrepancies, so that we can mitigate and create tight cost controls.
- Operationally, we want to ensure that the tools of the trade are always promptly seen to, maintained and ready to use. If there is delay, then there is pressure, and if there is pressure our whole operation slows down. Time is money.
- Grass is king, it's a big motivator to get as much grass down the throat as possible as it's our cheapest form of feed.
- All eyes on the prize. Everyone in our team are key players in keeping the operation flowing and growing like a well-oiled machine.

Cost Control Techniques

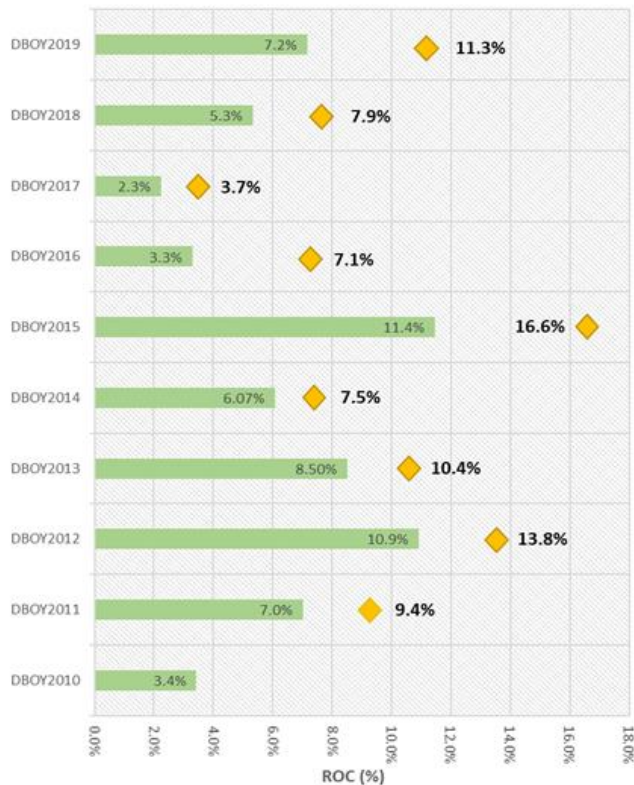
- Budgets are completed on CashManager Rural and we monitor expenses through reporting.
- Benchmarking: DairyBase, MacFarlane Rural Business – DSM and DBOY. Through benchmarking and analysing our operation we can find the places easily where we can improve.
- Cost savings are key, and we do this through our own trouble shooting, if not actioning the repairs and maintenance ourselves. Working with our neighbours for feed and grazing of young stock, creating win-win as well.



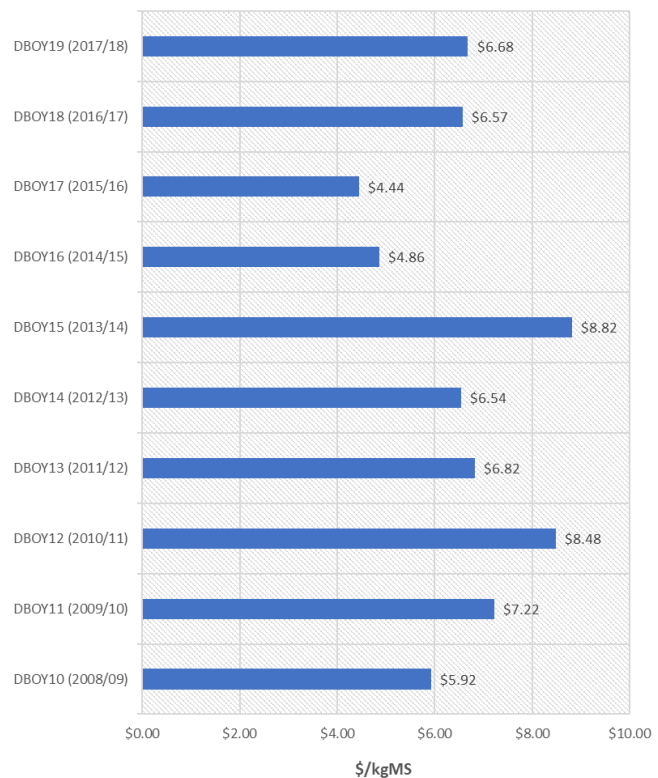


How Does your Business Compare?

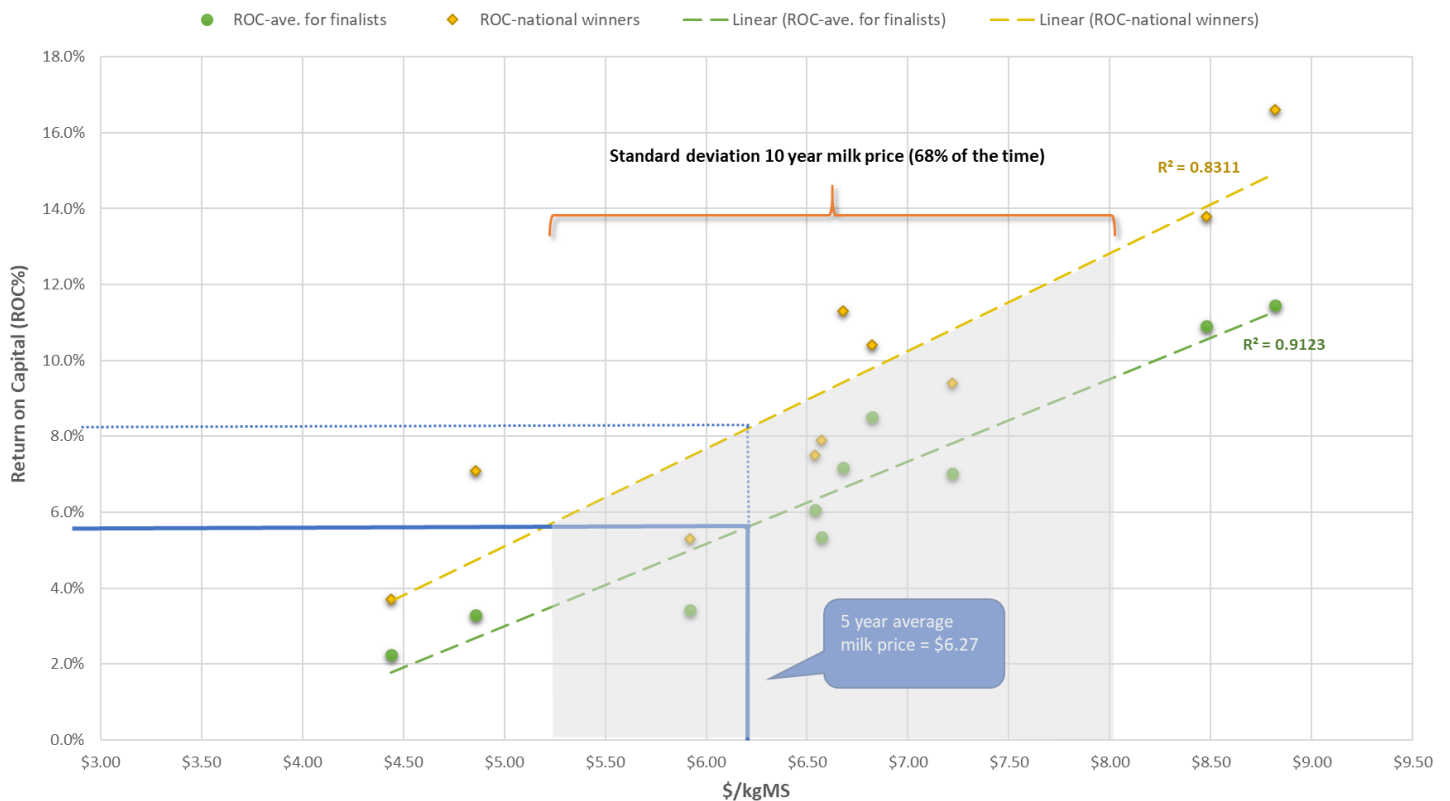
Average ROC across DBOY Finalists & Supreme Winner



Inflation Adjusted Milk Payouts³



Return on Capital vs. Milk Payout - DBOY FINALISTS & SUPREME WINNERS (2008/09 to 2017/18)



³ Source: New Zealand Dairy Statistics. Average dairy co-operative payout (Fonterra, Tatua, Westland). This includes Fonterra dividend payments.

Lunch Break

Lunch break is a great opportunity to network. You may wish to record details of those you talk to so you can contact them later for further discussions.

<u>Name</u>	<u>Phone</u>	<u>Email</u>	<u>Discuss more about</u>

Lunch Kindly Sponsored by Dairy Exporter



The Dairy Exporter magazine is New Zealand's oldest dairy farming title, with a proud history of helping dairy farmers Learn, Grow and Excel for the past 95 years. The magazine is delivered each month into 4000 subscribers letterboxes, and we at NZ Farm Life Media pride ourselves on delivering the latest 'inside the farmgate' information, best practice and profitable farming strategies, through on-farm case studies, expert commentary and the latest science and technology to add to farmers' bottom line. We drill down into the detail of NZ's top-performing dairy farmers, helping farmers learn from each other. Hence our proud sponsorship of the Dairy Business of the Year contest where benchmarking identifies profitability, resilience and sustainability to define dairy excellence. The benchmarking also drives continual improvement, benchmarking farm businesses with each other and with themselves between years, and The Dairy Exporter magazine is the title to drill down into the detail and transfer that best practice to other farmers.

Jackie Harrigan

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Exploring Business Growth Opportunities

Informal Discussion with our Sponsor Partners - Use the space below to brainstorm your ideas.

PROGRESSING YOUR BUSINESS - WHERE TO START

FARM SYSTEM – PHYSICAL OR FINANCIAL

PEOPLE

ENVIRONMENT

WHAT DO YOU THINK?

FIVE CORE STRENGTHS OF THE BUSINESS

1.

2.

3.

4.

5.

FIVE OPPORTUNITIES FOR IMPROVEMENT OR BUSINESS GROWTH

1.

2.

3.

4.

5.

Entering DBOY 2020

Why Enter

- ✓ **Detailed Analysis Report for all Entrants.** The report highlights strengths and opportunities to fine-tune the business by reviewing Profit (financials and farm system management), People Leadership and Planet (environmental and nutrient management). Example report can be viewed at www.dboy.co.nz.
 - Profit: analysis of financial and physical performance, including farm system management and financial performance.
 - People: an assessment of labour management, staff engagement and overall performance. With people management being one of the leading areas of a successful business.
 - Planet: a review of nutrient management and environmental preservation. The assessment not only assesses the environmental impact, but how you could use nutrients more effectively which can also be financially beneficial.
- ✓ **Quick and Easy to Enter.** The data forms are simple to complete, and no interviews are required, analysis is based on performance results, so the hard work is already done.
- ✓ **Huge Value for a Small Entry Cost.** Thanks to the subsidies provided by our generous sponsors you receive over \$2,000 of information for only \$450+GST for full analysis.
- ✓ **Great Benefits for Top Performers.** Along with the Award prizes there is an exclusive Leaders Optimisation Day where all finalists have the opportunity to assess each other's businesses and learn from other top performers from around the country.

"The detailed physical and financial analysis and report from DBOY provided us with a better understanding of the KPIs in our business. The report reinforced our low-cost structure and identified areas that we could tweak to gain even greater efficiencies. Winning the Regional and Supreme has put us in good stead with our bank, and they have greater confidence in us and see us as a low risk which is really important, especially for any future developments or opportunities we may want to pursue." Andrew & Sibylle Sulzberger



"We have entered DBOY three times now as the data gained via the Farm Performance Assessment Report is invaluable in assisting us make evidence-based decisions for our business. DBOY allows us to benchmark ourselves with other top-end businesses and provides an accurate "warts and all" critique of our business. The report also helps us set KPIs that ensure relevance for our goals. We now have a comprehensive set of data that we use to not only assess performance, but also assist with planning/modelling future strategies." Tim Montgomerie



How to Enter

All forms can be completed online at www.dboy.co.nz, or by contacting DBOY via email at team@dboy.co.nz, or phone 0800 735 588 and request an electronic entry form that can be completed within Excel.

STEP ONE - ENTRY FORM

1. Can we enter?

Any business entity can enter (owner operators, sharemilkers with property owners, lease farms, equity partnership, companies). As long as we receive the season's financial information for the whole business system, we can combine them into one business for the competition, e.g. owner and sharemilker.

2. Do I have to be in the competition?

No - You can choose to opt out of "competing" and you will still receive all the same comprehensive analysis and report. All sections of the entry form must still be completed; you cannot choose to drop sections out. NOTE that only businesses that comply with regional council regulations are eligible to compete.

3. Red Sky

View DBOY Example Report online at www.dboy.co.nz

- i. Red Sky \$450+GST for a full analysis; physical data forms must be completed

4. Complete Entry Form / Client Authority Form

- i. Complete online or request a form or complete overleaf (~5 minutes)

STEP TWO - COMPETE DATA COLLECTION

1. People Productivity Form

- i. Complete online or request a form (~10 minutes)

2. Environmental Form

- i. Complete online or request a form (~10 minutes)

3. Financial/Physical Forms

- i. Red Sky – Complete online or request a form (~30 minutes)

STEP THREE - PROVIDE REQUIRED INFORMATION

- 1.** Where required, ensure you have requested further information ahead of time from either your accountant and/or nutrient advisor (for an updated Overseer) in order to provide all the information required by DBOY.
- 2.** Answer any questions the DBOY team may have that will allow your business to be analysed promptly and accurately.

Client Details and Authority				
ENTRANT DETAILS				
Farm Name:				
Names	<i>First Name</i>	<i>Last Name</i>	<i>Position e.g. Owner</i>	<i>Main Contact (✓)</i>
Person One				
Person Two				
Person Three				
Contact Details	<i>Contact</i>	<i>Person</i>	<i>Contact</i>	<i>Person</i>
Email:				
Landline Phone:				
Mobile Phone:				
Address	<i>Farm Address</i>		<i>Postal Address</i>	
Street				
Area /RD				
Town, PostCode				
How did you hear about DBOY?				
<input type="checkbox"/> Google <input type="checkbox"/> Facebook <input type="checkbox"/> Read an Article <input type="checkbox"/> Word of Mouth <input type="checkbox"/> Sponsor				
Please detail:				
ENTRY				
Entry Level				
<input type="checkbox"/> Yes I am willing to participate in the competition and confirm my farm is compliant with all regional council compliance requirements				
<input type="checkbox"/> No I do not want to be in the competition but would like a Dairy Business of the Year full farm analysis. I understand I will need to complete the three areas of the assesment and cannot choose to leave sections				
Entry Type				
<input type="checkbox"/> FULL ANALYSIS - I have not had anlysis seasons financials analysed and I would like a full DBOY Report using Red Sky. I understand I will need to provide physical data about my farm				
<input type="checkbox"/> RED SKY USER - I have already had the analysis seasons financials analysed in Red Sky already and want to use this to enter				
DATA COLLECTION AUTHORITY				
Consultant (if applicable)				
<input type="checkbox"/> I am in agreement for my consultant to be contacted in order to confirm any information that may be required				
Company	Name			
Milk Company Details				
<input type="checkbox"/> I am in agreement for Dairy Business of the Year to be provided with my milk production and payment				
Milk Supply Company	Supply Number:			
Accountant Contacts				
<input type="checkbox"/> I am in agreement for DBOY to be sent a copy of my accounts that relate to this Dairy Farm Business				
Firm:	Accountants Name:			
Email:	Phone:			
Nutrient Management				
To enter the competition side the farm has to be compliant with regional council rules				
<input type="checkbox"/> I grant Dairy Business of the Year the authority to request and access any information from local/regional authorities regarding the compliance of my farm with local and regional regulations related to dairy effluent management and the taking of ground/surface water.				
<input type="checkbox"/> I grant Dairy Business of the Year permission to request and access my Overseer File, Fertiliser data, soil tests results, and a nutrient management plan from my representative fertiliser/nutrient provider. I will also provide Dairy Business of the Year access to the relevant year end Overseer assessment for my farm as it relates to the DBOY competition.				
<input type="checkbox"/> I permit Dairy Business of the Year to request access to my Sustainable Milk Plan and/or Farm Environment Plan from the relvant holding authorities				
Nutrient Advisor Company:			Advisors Name:	
Advisors Email:			Advisors Phone:	
CONFIRMATION OF AUTHORITY TO COLLECT DATA				
<input type="checkbox"/> I confirm I am in agreement for Dairy Business of the Year to contact my service providers listed above to collect the information required for my Analysis Report to be produced.				
<input type="checkbox"/> I understand I must complete and return the written forms before my entry is complete				
<input type="checkbox"/> I will ensure all parties have the information required from me as soon as possible				
<input type="checkbox"/> I have read and understood the terms and condition found on www.dboy.co.nz				
Signed			Date	

Feedback Form

We would appreciate if you could complete this form and hand it to the DBOY presenter.

Name _____

1. Where did you hear about the field day? (tick box)

- ☐ Flyer in mailbox
- ☐ Ad in the paper
- ☐ Facebook
- ☐ DBOY website – www.dboy.co.nz
- ☐ Word of mouth – friend or co-worker
- ☐ Word of mouth – through one of the sponsors
- ☐ Word of mouth – local store or other rural professionals
- ☐ Other, please specify

2. Please rate how satisfied you were with the event
(1= disappointed, 10= very satisfied)

1 2 3 4 5 6 7 8 9 10

3. What did you find of particular interest during the day and would like to see again on another farm next year?

4. Is there anything you were hoping to get out of the day which was not covered?

5. Is there anything you felt didn't need to be covered, or you did not enjoy?

6. Will you be coming to the Regional Optimisation Days in your region next year? Yes / No
If no, why not?

7. How aware are you of DBOY's analysis and reporting on your own business?
- ☐ This is the first time I knew that DBOY completed a business analysis and report
 - ☐ A friend or neighbour had mentioned that DBOY prepared an analysis and report
 - ☐ My consultant/bank manager/other had mentioned that DBOY completes a business analysis and report, but I haven't taken it further
 - ☐ I have entered in the past
 - ☐ I have entered in the last few years, and am very familiar with a DBOY report
 - ☐ I have recently reviewed the DBOY webpage
 - ☐ I am aware of the analysis and report through the DBOY Facebook page
 - ☐ Other

8. Would you be interested in having DBOY analyse your farm business? Yes / No

If no, why not?

Please contact me regarding entry/analysis

Name:

Email:

Phone:

Thank you!