

DAIRY BUSINESS OF THE YEAR



2019 Regional Optimisation Day

NZ Supreme Winner

Best Northland Farm Performance & High Input Farm with
Best Financials

Okaihau Pastoral Holdings Ltd

910 State Highway 1, Okaihau

Tuesday 19 November 2019



2019 GOLD
SPONSORS



Ministry for Primary Industries
Manatū Ahu Matua



DAIRY BUSINESS
OF THE YEAR



2019 SILVER SPONSOR



2019 BRONZE SPONSORS



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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	Okaihau Pastoral 2017/18	Northland Average	Northland Top 10%
Total Hectares	447	-	-
Effective Hectares	367	159	153
Effective Milking Hectares	351	156	151
Peak Milking Cows	1,181	383	407



People Productivity	Okaihau Pastoral 2017/18	DBOY National Average	Northland Average	Northland Top 10%
People Investment per Cow (\$)	\$495	\$391	\$462	\$393
Cows per Full Time Equivalent (50hr FTE)	172	166	132	158
Training spend per FTE in Dollars (\$)	\$641	\$385	-	-
Training spend per FTE in Time (hrs)	51.31	33.33	-	-
Unplanned Costs per FTE (\$)	\$947	\$169	-	-
Unbudgeted Days Lost per FTE	0.58	1.21	-	-
Labour Turnover - Management Staff (%)	0%	15%	-	-
Labour Turnover - Non-Management Staff	7%	31%	-	-



Environmental Management	Okaihau Pastoral 2017/18	DBOY National Average
Effluent Pond	Claylined	Lined
% of Farm Irrigated with Effluent	94%	41%
N Loading on Effluent Area (kg/ha)	23	105
KgMS/ha per KgN Loss/ha	38	30
N Leached (kg/ha)	45	52
N Conversion Efficiency (%)	44	28
Soluble N Use (kg/ha)	151	150
P Loss (kg/ha)	1.1	1.8
Olsen P Levels	Above & Maintaining	At Optimum
Winter Cropping % of Farm	0%	2.8%
Winter Soil Management	Formal Standoff	Formal Standoff
Green House Gases (Total CO ₂ Equivalents)	23,982	16,268



Livestock Management	Okaihau Pastoral 2017/18	Northland Average	Northland Top 10%
Peak Milking Cow Numbers	1,181	383	407
Stocking Rate (Cows/ha)	3.36	2.47	2.75
Stocking Rate (Kg Live weight/ha)	1,681	1,181	1,309
Core Costs per Cow (\$)	\$628	\$597	\$557
Milk Production per Hectare (kgMS/ha)	1,809	845	1,042
Milk Production per Cow (kgMS/cow)	538	345	386
Milk Production as % of Live weight	108%	72%	80%



Feed Management	Okaihau Pastoral 2017/18	Northland Average	Northland Top 10%
Stocking Rate (cows/ha)	3.36	2.47	2.75
Stocking Rate (kgLW/ha)	1,681	1,181	1,309
Pasture Harvested (PH) (tDM/ha)	12.4	9.1	10.8
Pasture as % of Diet	59%	79%	79%
Core Costs/ha per tDM PH (\$)	\$121	\$117	\$102
Feed Conversion Efficiency (kgDM/kgMS)	11.04	12.81	12.20
Total Consumed per Cow (tDM)	6.02	4.56	4.87
Pasture Consumed per Cow (tDM)	4.28	3.99	4.36
Forage Consumed per Cow (tDM)	0.78	0.64	0.69
Concentrate Consumed per Cow (tDM)	1.78	0.38	0.43
Average Feed Cost (/tDM)	\$302	\$332	\$295
Pasture Costs (/tDM)	\$252	\$319	\$277
Forage Costs (/tDM)	\$411	\$372	\$355
Concentrate Costs (/tDM)	\$361	\$396	\$374



Profitability	Okaihau Pastoral 2017/18	Northland Average	Northland Top 10%
Return on Capital (%)	11.3%	4.7%	7.6%
Return on Assets (%)	12.1%	4.8%	7.7%
Operating Profit Margin (%)	41%	29%	41%
Operating Profit per Hectare (\$)	\$5,742	\$1,881	\$3,260
Gross Operating Revenue per Hectare (\$)	\$13,869	\$6,393	\$7,921
Gross Operating Expenses per Hectare (\$)	\$8,126	\$4,511	\$4,661
Milk Price per kgMS (\$)	\$6.96	\$6.72	\$6.76
Gross Revenue per kgMS (\$)	\$7.67	\$7.56	\$7.60
Farm Working Expenses per kgMS (\$)	\$4.16	\$4.42	\$3.74
Operating Expenses per kgMS (\$)	\$4.49	\$5.34	\$4.47

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: 910 State Highway 1, Okaihau

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

Hosts Names: Joe & Jenima Foster **Phone:** 021 0241 5077

Evacuation Procedures

Evacuation Signal	Safe Assembly Area Location
Air Horn and/or Verbal Instruction	Grass in centre of 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:	Broadway Medical Centre, Kaikohe 09 401 1566
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
pearce.watson@thelandfarmgroup.com

Ministry for Primary Industries
Manatū Ahu Matua



MPI Representatives here today;

Susan Collins, Project Lead Extension Services
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0800 00 83 33
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Silver Sponsor



Nutrinza Representatives here today;

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Supporting Sponsors



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Objectives of the Day

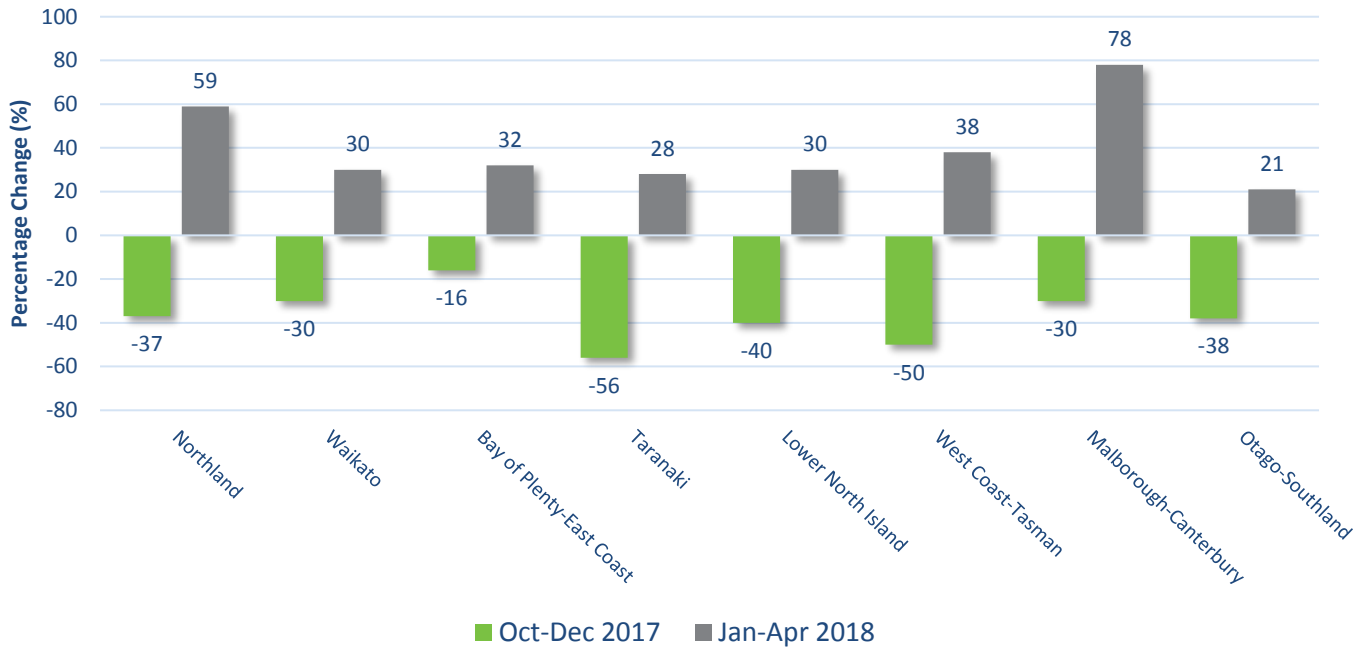
- ✓ Gain an understanding of how this farm has achieved top performance across financial, environmental and human resources management
- ✓ Increase awareness of the critical Key Performance Indicators (KPIs) that influence resilience and sustainability within a successful dairy system
- ✓ Recognise the 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

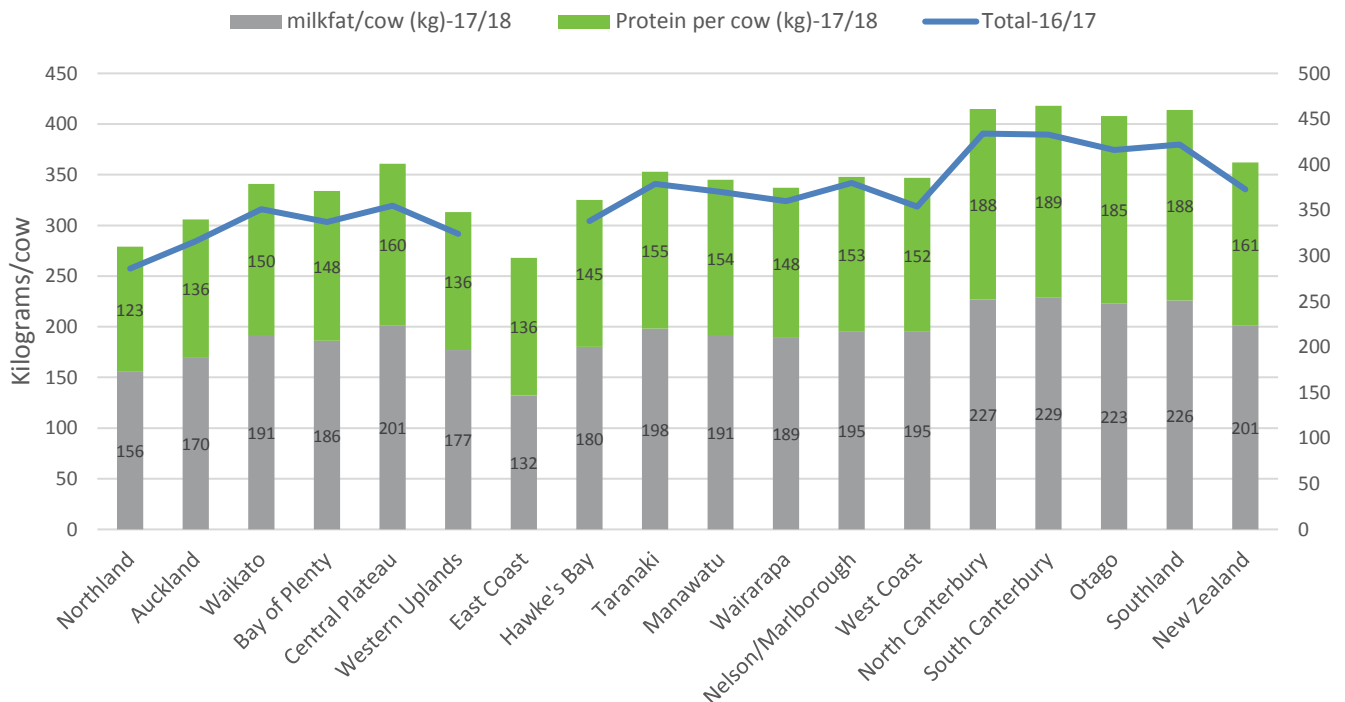
2017/18 Rainfall Summary¹

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	Okaihau Pastoral 2017/18	Northland Average	Northland Top 10%
Total Hectares	447	-	-
Effective Hectares	367	159	153
Effective Milking Hectares	351	156	151
Peak Milking Cows	1,181	383	407

Farm and Personal History

- Okaihau Pastoral Holdings Ltd (OPL) was purchased in 2006 by 22 shareholders. Managed by an Equity Manager until 2013.
- 2012-13 season production was 347,000 MS/kg. Rapidly increasing over the past six years to 645,000 MS/kg, 2018-19 season.
- Joe & Jenima Foster took over as Managers in 2013.
- In 2017, 17 Shareholders remained, and Joe & Jenima bought in as Equity Managers.
- OPL is overseen by a board of five: four Shareholder Directors and one Independent Director

Farm Philosophy and Systems

- To achieve the best milk production possible within the constraints of the grass grown on the farm
- To control the costs of production to achieve a system that is profitable and sustainable at all pay-outs
- To operate with high standards in all aspects of our farming business, making minimal impact on the environment, respecting animal welfare, people and health & safety.
- The collective team focus on excellence in all areas and are regularly assessing the whole farming business for further refinements.
- System 5 - high input farm, split calving. 950 Spring / 250 Autumns



People Leadership and Productivity

People Productivity	Okaihau Pastoral 2017/18	DBOY National Average	Northland Average	Northland Top 10%
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Unplanned Costs per FTE (\$)	\$947	\$169	-	-
Unbudgeted Days Lost per FTE	0.58	1.21	-	-
Labour Turnover - Management Staff (%)	0%	15%	-	-
Labour Turnover – Non-Management Staff	7%	31%	-	-

Key Concepts

- Seven full-time, one part-time staff, relief staff when needed.
- Rosters: 12 days on 3 days off
- Motivating and Engaging staff by: Sleep-ins, staggered starts, staff milk once-a-day. On-farm training. The team knows how to do most day-to-day jobs.
- The result of all of the above results in retention of staff at OPL.
- What's Important to you as an employer: Motivated, Happy, Safe work environment.
- We believe in working smarter, not harder and in keeping our eyes open at all times.

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

Okaihau Pastoral Holdings 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		■				\$495.40	\$390.69	0.49
UTILISATION	Cows per FTE			■			172.16	165.73	0.64
	Milk Solids per worked hour				■		35.62	27.43	1.01
TRAINING SPEND	Training spend per FTE in \$\$					■	\$641.40	\$385.32	0.95
	Training spend per FTE in hrs				■		51.31	33.33	0.98
UNPLANNED COSTS	Costs per FTE (milk co fines, employment disputes costs etc)	■					\$947.44	\$168.64	0.09
	Unbudgeted Days Lost per FTE (i.e. sick / grievance/ suspension / breavement)				■		0.58	1.21	0.82
LABOUR TURNOVER	Management Staff					■	0%	15%	1.25
	Non Management Staff					■	7%	31%	0.82
HEALTH, SAFETY & WELLBEING	% days lost due to injury per FTE					■	0%	0%	1.25
	Rostered Days off per annum per FTE				■		84.78	55.21	0.98

OVERALL SCORE
(out of 15)

9.27



Environmental Management

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Effluent Pond	Claylined	Lined
% of Farm Irrigated with Effluent	94%	41%
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P Loss (kg/ha)	1.1	1.8
Olsen P Levels	Above & Maintaining	At Optimum
Winter Cropping % of Farm	0%	2.8%
Winter Soil Management	Formal Standoff	Formal Standoff
Green House Gases (Total CO ₂ Equivalents)	23,982	16,268

Key Concepts

- The whole farm team strives for excellence in environmental awareness and management. OPL are conscious that we are on State Highway1 and are very much on display.
- OPL are aware that we need to leave the environment better for the next generation.
- OPL are actively planting trees around the property and have a trapping program for pests. Exploring strip/ minimal tillage for our maize crops.
- Staff record all effluent applications. OPL try to maintain a tidy, clean farm. We are proud of the team and the efforts they put in to keep OPL looking amazing.
- All effluent applications are recorded, including slurry tanker, records are kept at cowshed.
- One staff member is allocated solely to effluent irrigation duties per day, and is responsible for monitoring, operating and recording.
- Operate under permitted activity, with zero discharge.
- 94% of farm can be irrigated with effluent.
- We are proud of our plantings around shed, effluent ponds planted, and we have Kiwis on farm.
- New weeping walls in Effluent Pond. Travelling irrigator purchased and will replace stationary cannons when needed.
- Advisors used in the process or planning: Neil Walker from Ballance and George Kruger from Fonterra.

Headlands Environmental Impact Assessment

Okaihau Pastoral Holdings Ltd - Northland - Non 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			■			Claylined (untested)	3
	% of farm irrigated with effluent					■	94	5
	N loading on the effluent area _{kgN/ha}					■	23	5
	Application rate 10mm or less			■			10 - 25mm	3
Nitrogen	KgMS/ha per kgN Loss/ha	■					38	1
	KgN Leached ¹		■				45	2
	N Conversion Efficiency ¹ %				■		44	4
	Soluble N Use ¹ _{kgN/ha}		■				151	2
Phosphorus	P Loss per ha ¹			■			1.1	3
	Olsen P Levels		■				Above optimum and maintaining	2
Soil Protection	Winter Cropping Area ¹					■	0	5
	Winter Soil Management					■	Herd home, feed pad or winter stand off yard	5
Greenhouse Gas	Total CO ₂ Equivalents						23982	-
							Your Total Score (out of 60)	40
							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

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Key Concepts

- OPL's aim is to breed a X-bred dairy cow that is F10 breed mix as we think this will produce a cow with capacity, hybrid vigor and good udders that can also handle our System 5 feeding.
- OPL also aims to breed a high PW herd and we are very proud of the 55-point difference between PW & BW, this indicates a focus on herd improvement and selection of our herd. The results of this is our herd averages 550 MS/kg/cow.
- Grass harvesting and quality of pasture is key to our production. Added to the pasture is our supplement mix that we feed that helps achieve excellent results all round.
- Advisors: Paul Martin from Headlands and local Vet from Bay of Island Vets

Cows

- BW 88/41 PW 143/56
- Herd test five times per year. Herd is DNA tested.
- Six weeks of AI for spring herd. Four weeks of AI for Autumn. After any AI mating of the herd a mix of Hereford or beef bulls are used for approx. four weeks.
- Yearling heifers are mated to recorded high index dairy bulls that have been DNA tested. This is a compromise as heifers are grazed one hour away.
- Condition score targets monitored monthly. 5.5 at calving. Drying cows at 4.5
- Culling policies: Poor performance, SCC, fertility, udders, lameness, temperament. As herd quality has improved dramatically over the past three years OPL is able to be very selective which allows us to focus on further herd improvement.

Young Stock

- Replacement policies: OPL rear approx. 22% dairy heifer replacements.
- This allows for selection pressure before entering the herd and further selection pressure on the main herd. Any cow that is not in calf is looked at and has to meet certain criteria before carried over for another season.
- Going forward OPL aim to reduce our bobby calf numbers by breeding the selected bottom 30% to beef breeds.

- OPL strive to achieve the recommended growth rates aiming for a heifer that is 90% grown when they have entered the herd
- 5-10 high genetic bull calves reared for use on the Heifers – part of our *M bovis* protection plan



Feed Management

Feed Management	Okaihau Pastoral 2017/18	Northland Average	Northland Top 10%
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Feed Conversion Efficiency (kgDM/kgMS)	11.04	12.81	12.20
Total Consumed per Cow (tDM)	6.02	4.56	4.87
Pasture Consumed per Cow (tDM)	4.28	3.99	4.36
Forage Consumed per Cow (tDM)	0.78	0.64	0.69
Concentrate Consumed per Cow (tDM)	1.78	0.38	0.43
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Concentrate Costs (/tDM)	\$361	\$396	\$374

Key Concepts

- Headlands Consultant, Paul Martin, is our advisor used in decision making.

Pasture

- Regrass 10% of the farm annually, using a chicory crop for summer feed then regrassing afterwards.
- Pasture measurement is accessed every week to allocate grazing paddock plan. Pasture samples are taken annually and tested for nutritional value.
- Winter management: Reduce cows time on pasture and utilise feed pads.
- Summer quality management: Continuously accessing pasture growth rates to determine a feed shortage looming. Small amount of summer nitrogen if weather allows.

Supplements

- System 5. Feed out 365 days of the year, predominately Maize, PKE, Fruit, Bread waste.
- Supplements used as a tool to allow us to utilise all pasture grown on farm.
- 37 Ha of Chicory grown on farm. 80 ha of maize grown on runoff. 80 ha of Mustard on runoff, which is a winter crop grown as a cover crop for maize ground, this is cultivated into the maize ground to help build organic matter.
- Cost control techniques: We do what cultivation we can, otherwise use contractors as and when needed.



Profitability of the Business

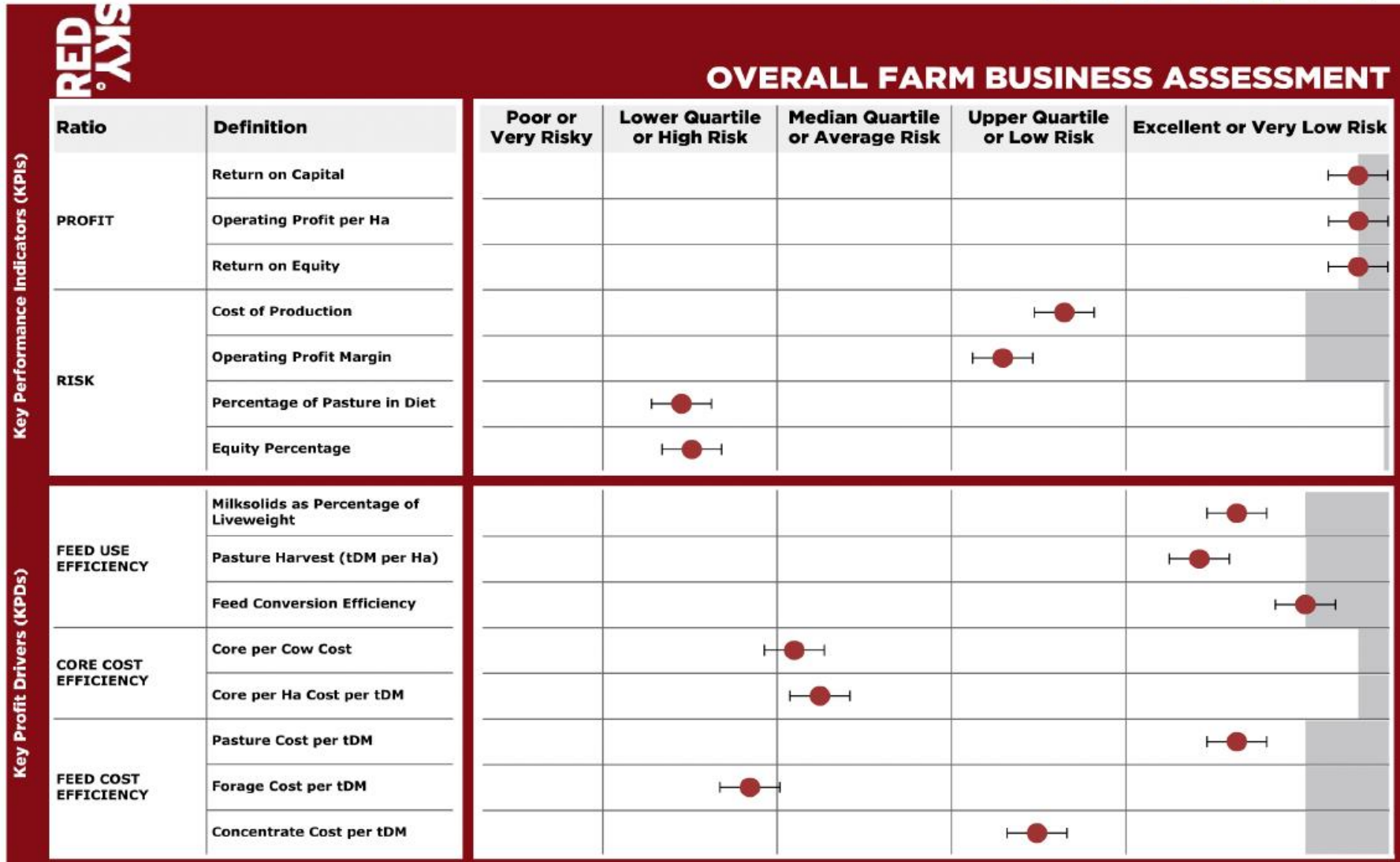
Profitability	Okaihau Pastoral 2017/18	Northland Average	Northland Top 10%
Return on Capital (%)	11.3%	4.7%	7.6%
Return on Assets (%)	12.1%	4.8%	7.7%
Operating Profit Margin (%)	41%	29%	41%
Operating Profit per Hectare (\$)	\$5,742	\$1,881	\$3,260
Gross Operating Revenue per Hectare (\$)	\$13,869	\$6,393	\$7,921
Gross Operating Expenses per Hectare (\$)	\$8,126	\$4,511	\$4,661
Milk Price per kgMS (\$)	\$6.96	\$6.72	\$6.76
Gross Revenue per kgMS (\$)	\$7.67	\$7.56	\$7.60
Farm Working Expenses per kgMS (\$)	\$4.16	\$4.42	\$3.74
Operating Expenses per kgMS (\$)	\$4.49	\$5.34	\$4.47

Key Concepts

- Long-term planning, that is then adjusted to meet the short-term demands, in seasonal variations.

Cost Control Techniques

- Budgeting, monitoring, analysing.
- Tools used: Figured, Xero, Red Sky, Time docks.





Current and Future Strategies

- Current Strategies – Continual fine-tuning for further achievements, we aren't resting on our laurels. Ensuring the present condition of production and profitability continues.
- Future plan – the Board and Management continually consider all options available with a focus on debt reduction and dividends.
- Diversity, is this an option?

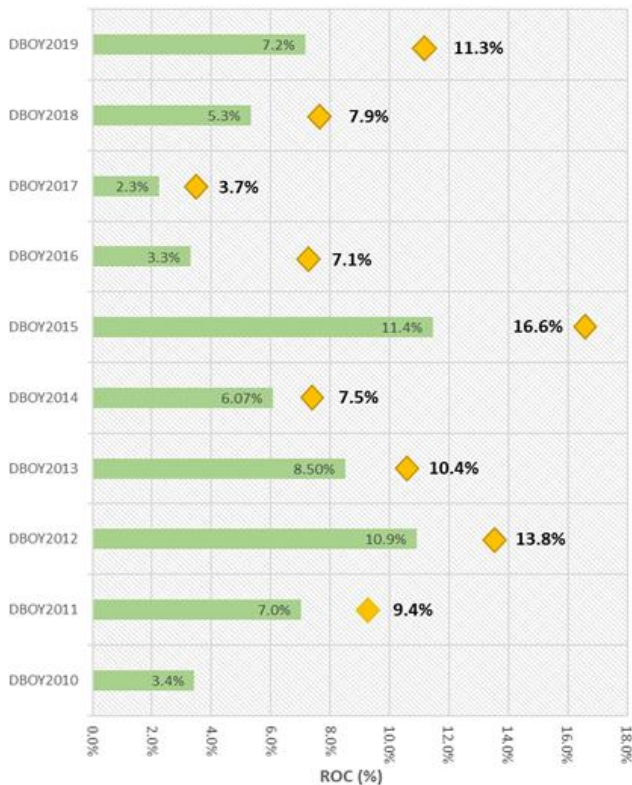
Discussion Notes

This image shows a single sheet of white paper with horizontal blue ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

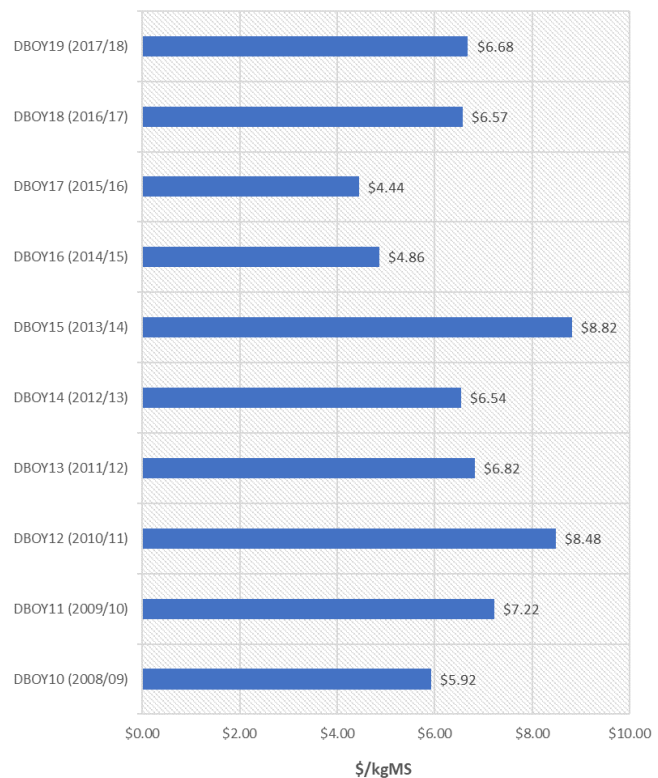


How Does your Business Compare?

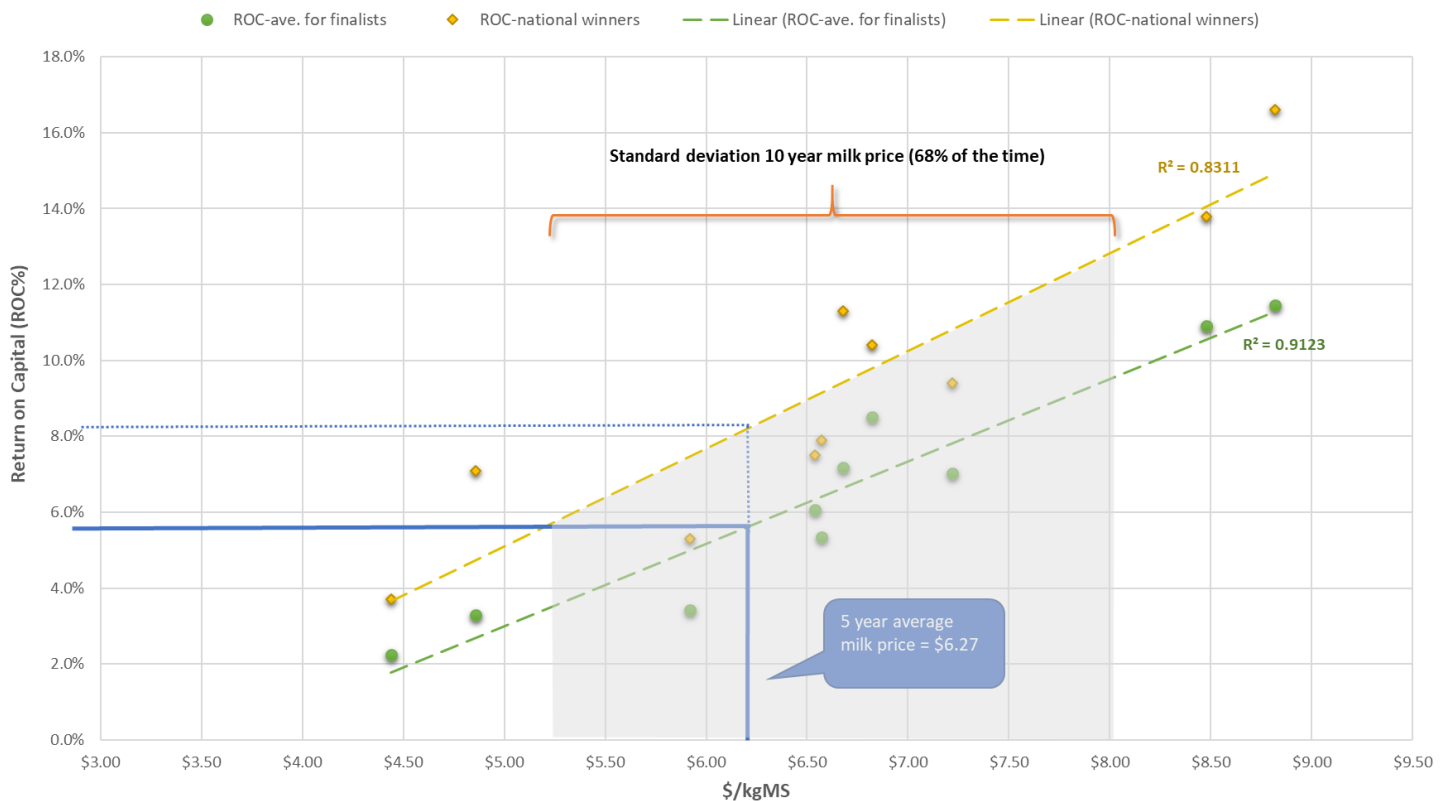
Average ROC across DBOY Finalists & Supreme Winner



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 Nutrinza



nutrinza[®]
the science of animal feed

Nutrinza is a New Zealand-owned feed company and a first-time sponsor of Dairy Business of the Year. They aim to give farmers maximum flexibility and options in terms of the feed supplements they can use to maximise production and/or profitability.

Nutrinza allows farmers to customise each of their feed blends to suit their farm, animals, production and fertility targets as well as financial strategy. This enables farmers to choose a combination of feeds that is not only best for the business, but also limits wastage and the impact this wastage has on the environment.

Nutrinza is privileged to sponsor DBOY as it is a dairy industry award that focuses on a farm's overall performance in terms of return on investment, human resources and the environment.

Theo Swart

Business Manager

DDI: 07 872 0467 Mobile 021 761 393

Email: theo.swart@nutrinza.com

Your local rep:

Rosalie Bakker

Technical Sales Representative

Mobile 021 761 957

Email: rosalie.bakker@nutrinza.com

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				
	Yes I am willing to participate in the competition and confirm my farm is compliant with all regional council compliance requirements			
	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				
	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			
	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)				
	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				
	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				
	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				
	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.			
	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.			
	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				
	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.			
	I understand I must complete and return the written forms before my entry is complete			
	I will ensure all parties have the information required from me as soon as possible			
	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!