

DAIRY BUSINESS OF THE YEAR



2020 Regional Optimisation Day

River Terrace Dairy Limited

Brent & Rebecca Miller
Andy & Rachele Morris

908 Withells Road, Ashburton – S/N 39616

Best Canterbury Farm Performance
Business Resilience Lowest COP
Medium Input Farm with Best Financials
Best People Leadership



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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	Farm 2018/19	District Average	New Zealand Top 10%
Usable Hectares	411	425	288
Milking Hectares	326	360	244
Peak Milking Cows	1,120	1,246	807



People Productivity	Farm 2018/19	DBOY National Average	District Average	New Zealand Top 10%
People Investment per Cow (\$)	\$365	\$487	-	-
Cows per Full Time Equivalent (50hr FTE)	223	176	153	177
Milk Solids per worked hour	43.08	29.94	-	-
Training spend per FTE in Dollars (\$)	\$1,870	\$337	-	-
Training spend per FTE in Time (hrs)	45.72	6.24	-	-
Unplanned Costs per FTE (\$)	\$0	\$510	-	-
Unbudgeted Days Lost per FTE	0.80	3.63	-	-
Labour Turnover - Management Staff (%)	0%	4%	-	-
Labour Turnover - Non-Management Staff	0%	23%	-	-
% days lost due to injury per FTE	0%	5%	-	-
Rostered days off per annum per FTE	106.27	63.39	-	-



Environmental Management	Farm 2018/19	DBOY National Average
Effluent Pond	Lined	Lined
% of Farm Irrigated with Effluent	57%	38%
N Loading on Effluent Area (kg/ha)	76	131
KgMS/ha per KgN Loss/ha	16	53
N Leached (kg/ha)	106	46
N Conversion Efficiency (%)	22%	29%
Soluble N Use (kg/ha)	358	142
P Loss (kg/ha)	0.7	1.4
Olsen P Levels	At Optimum	At Optimum
Winter Cropping % of Farm	0%	3%
Winter Soil Management	Cows Moved Frequently	Formal Standoff
Green House Gases (Total CO ₂ Equivalents)	6,257	3,660



Livestock Management	Farm 2018/19	District Average	New Zealand Top 10%
Peak Milking Cows	1,120	1,246	807
Milksolids per Cow (kgMS/cow)	503	421	477
Milksolids as % of Cow Liveweight	103	86	95
Milksolids per Milking Hectare (kgMS/ha)	1,725	1,460	1,579



Pasture & Feed Management	Farm 2018/19	District Average	New Zealand Top 10%
Annual Stocking Rate – milking area	3.43	3.46	3.25
Homegrown Grazed Feed as % of Diet	81	82	63
Total Feed Fed (tDM/cows)	5.12	4.61	5.58
Grazed Feed Fed (tDM/cows)	4.35	4.14	3.60
Homegrown Feed – Direct Costs (\$/tDM)	101	100	96
Grazed Feed – Direct Costs (\$/tDM)	100	93	64
Conserved Feed – Direct Costs (\$/tDM)	250	274	251
Fodder Purchased – Direct Costs (\$/tn)	290	232	307
Concentrate Purchased – Direct Costs (\$/tn)	416	374	352



Profitability & Resilience	Farm 2018/19	District Average	New Zealand Top 10%
Milk Income per kgMS (\$/kgMS)	6.37	6.61	6.67
Total Assets Managed per Hectare (\$/ha)	77,964	67,637	63,430
Gross Farm Income per Hectare (\$/ha)	11,984	9,673	11,095
Operating Costs per Hectare (\$/ha)	7,523	6,552	7,165
Earnings before Interest and Tax per Ha	4,499	3,150	3,934
Return on Total Asset (%)	5.8	4.7	6.3
Operating Profit Margin (%)	37.5	31.9	36.3
Gross Farm Income per kgMS (\$/kgMS)	6.95	6.62	7.05
Operating Costs per kgMS (\$/kgMS)	4.36	4.52	4.48
Cost of Production per kgMS (\$/kgMS)	3.93	5.00	4.52
Cost of Production + Financing per kgMS (\$)	5.19	5.95	5.55

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 Farm Income calculations for the DBOY competition are determined using an accrual basis, which means that the gross farm income 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 farm income received in the production season being analysed. Because DBOY uses accrued income when calculating gross farm income, it provides a truer representation of the income generated in the season being analysed, so cost, production, and income, are more aligned.

Total Operating Costs is the total operating costs 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. Total Operating Costs 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.

EBIT (Earnings Before Interest and Tax) per hectare is gross farm income minus total operating costs or operating surplus +/- adjustments divided by usable hectares. EBIT 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 Costs per kgMS (OC/kgMS) is the FWE +/- non-cash adjustments including depreciation and imputed labour and inventory changes. This indicates the overall expense of the business on a per kgMS basis. Adding financing costs to OC/kgMS provides the break-even point for the full business or the income required from milk and livestock profit (gross farm income per kgMS).

Operating Profit Margin represents the percentage of total farm income 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 Farm Working Expenses plus depreciation and imputed labour +/- feed inventory changes, +/- livestock inventory changes minus livestock purchases. This calculation includes the cost of producing milk, livestock and feed. 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 Total Assets (ROTA) equals EBIT divided by total assets FARMED. The most important measure of profitability is Return on Total Assets (ROTA). This is calculated by dividing EBIT by the total value of all assets (both owned and leased). 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, based on resources available to them. To maximise ROTA it is important not to over-capitalise, as this in turn would require an increase in EBIT to achieve the same ROTA. The capital includes: all land (milking and support), livestock, vehicles, plant and machinery, and dairy company shares and other farm related shares and current assets.

Return on Asset (ROA) is EBIT 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 EBIT, 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.

Grazed Feed and Conserved Feed Costs are calculated based on the total homegrown feed costs, including costs such as pasture renovation, irrigation and fertiliser and apportioned based on the proportion of homegrown feed that comes from grazed feed versus conserved feed for the year. Conserved feed also includes the direct hay & silage making costs of the business.

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Welcome

Regional Optimisation Days are held on the DBOY20 Regional Winners' farms throughout New Zealand during 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, Ashburton – S/N #39616

DBOY Officer: Jono Buchly **Phone:** 027 202 7034

Hosts Names: Brent & Rebecca Miller **Phone:** 021 989 633

Evacuation Procedures

Evacuation Signal	Safe Assembly Area Location
Air Horn and/or Verbal Instruction	Cowshed Garden

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



Jono Buchly, Business Manager

027 202 7034

jono.buchly@headlands.co

0800 73 55 88

www.headlands.co

Ministry for Primary Industries
Manatū Ahu Matua



Jane Davidson, Principal Advisor, Animal Sector

022 069 1822

jane.davidson@mpi.govt.nz

0800 00 83 33

www.mpi.govt.nz

Silver Sponsor



Matt Macfie, Sales & Marketing Manager

021 803 412

matt.macfie@nutrinza.com

0508 768 723

www.nutrinza.com

Bronze Sponsors



Dean Williamson, Publisher

027 889 3070

dean.williamson@globalhq.co.nz

www.globalhq.co.nz



Steve Sutherland, Marketing Manager

027 543 0989

steve.sutherland@genetic.co.nz

www.pioneer.co.nz



Jon Watson, National Manager - Rural

027 306 8732

jon.watson@nzi.co.nz

www.nzi.co.nz



Jackie Harrigan, Editor

027 359 7781

jackie.harrigan@nzfarmlife.co.nz

www.nzfarmlife.co.nz



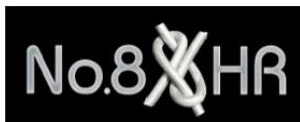
Taryn Joseph, Marketing Manager

021 188 1595

taryn@fertco.co.nz

www.mineralboost.co.nz

Supporting Sponsors



Toni Trusler, General Manager

027 599 8909

toni@no8hr.com

www.no8hr.co.nz



Alastair Taylor, Business Development Manager

021 857 627

ataylor@overseer.org.nz

www.overseer.org.nz

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 Total Assets (ROTA) 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?



Farm System and Farmers History

Farm System	Farm 2018/19	District Average	New Zealand Top 10%
Usable Hectares	411	425	288
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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?

- Brent has been dairy farming for over 21 years in various operations, from family-based to corporate, large to small scale system, systems 1-5 from areas-Southland, West Coast, Waikato, and Canterbury region. He has been involved with judging the NZ Dairy Industry Awards, Dairy Business of the Year benchmarking, involved with DairyNZ project – Dairy Fatigue and has been on the Hinds school board of trustees.
- Rebecca comes from a dairy farming family background, with 22 years of dairy farming experience, 13 of which have been in the corporate farming arena, delivering practical, functional systems to create a stable and resilient whole team environment. She has been involved with the Dairy Women's network as a convener, facilitator, and now Ashburton Business Group leader is the Mid-Canterbury Federated, Farmers Sharemilker section chair, and is involved with DairyNZ for project work for the Good Boss campaign and many other projects. She completed her Kellogg Rural leader project in 2018 research the viability of Land Events. Rebecca also has 10 years' experience working in national and international business in corporate sales, marketing, and analyst roles.

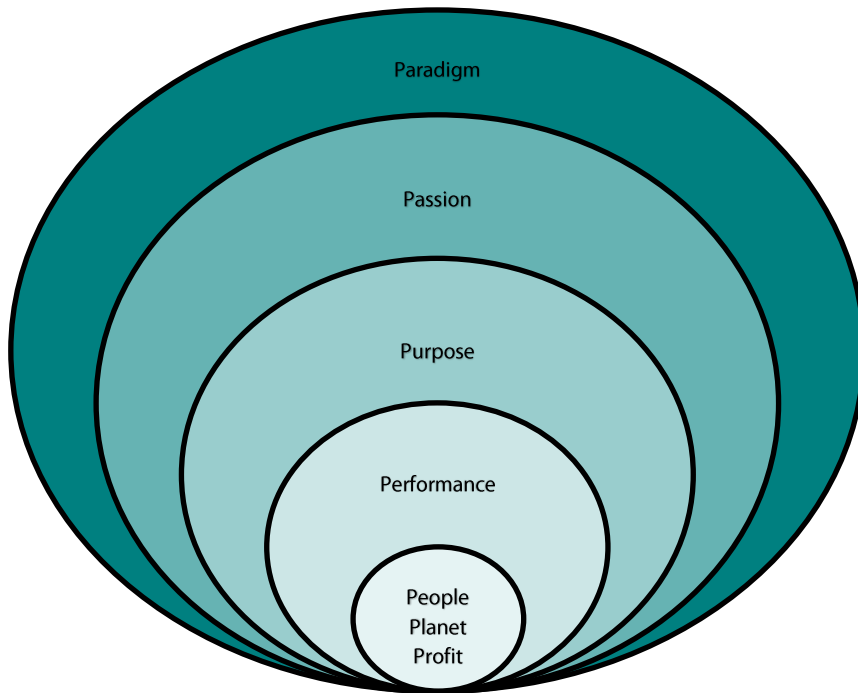
▪ Farm History:

- River Terrace conversion was completed in the 2014-15 season. It is in its sixth year of operation. 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. In 2018-2019 season we added an additional 75ha

block that was adjacent to the farm. It was an excellent move, and it squared off the farm, increasing cow numbers from 925 to 1150 cows.

Farm Philosophy and Systems

- What makes your business what it is? **The Septuple bottom line: 7 areas of excellence:**



PARADIGM: Our framework, criterion, and discipline for Milk IQ Limited.

PASSION: Our compelling emotion and spiritual connection to each other and the land.

PURPOSE: Our WHY – the reason we do what we do, mission and vision

PERFORMANCE: Top 1% Goal attainment, benchmarking, KPI's budget, reporting, BTI – Business-Team-Individual and STO -Strategic-Tactical-Operational.

PEOPLE: FARMILY™: Looking after our people, care, body & mind.

PLANET: Conscious care for our environment, recycle, reuse, and repurpose, environmental audit A+

PROFIT: High profit-low cost resilient business. Care in all areas of the Septuple bottom line leads to tangible and intangible profit.

- What drives the success?*
 - The main drivers for the success of the business are both tangible and intangible results – everyone has a win-win, whatever that may be. So the drivers may look different depending on what they want out of the business. For us, the cohesion of the team, and the happiness of the whole operation both on farm, and off is success to us. We look at the whole business as a benchmark. We understand that success sometimes cannot be seen, and therefore hard to qualify or quantify. Some of the best success in our business is intangible.
- Who's involved in the business?*
 - The whole business is a microcosm, and when we say whole business – it is from the Directors to staff and contractors. Anyone who helps MilkIQ, and River Terrace Dairy to operate at pace.

- *What system do you run and why?*
 - 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	Farm 2018/19	DBOY National Average	District Average	New Zealand Top 10%
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Labour Turnover - Non-Management Staff	0%	23%	-	-
% days lost due to injury per FTE	0%	5%	-	-
Rostered days off per annum per FTE	106.27	63.39	-	-

Key Concepts

▪ Rosters:

- Before the beginning of the season, we give the team a choice of roster. This is so that they can evaluate whether the current roster is still working for the whole team.
- The current roster is a 6 on 2 off with light duties on the weekends.
- We give an annual laminated roster so that everyone can plan ahead of time. This idea came about because we all have a life outside of the farm and if we know in advance when we have time off, then it is easier to plan.
- There is still flexibility, and the team can swap if needed.
- Trust and flexibility on life events, such as school events, appointments – the team manages these events themselves so that everyone can have this time off.

▪ Motivating and Engaging staff by:

- Team dinners, lunches, paintball, in the past Tekapo hot pools. Celebrations
- Continuous flow of communication
- Profit sharing if the business makes more so does everyone
- Big birthdays, Celebration, Easter, and Christmas dinner

▪ 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.

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				■		\$364.66	\$486.51	1.95
UTILISATION	Cows per FTE				■		222.88	175.92	1.06
	Milk Solids per worked hour				■		43.08	29.94	1.11
TRAINING SPEND	Training spend per FTE in \$\$					■	\$1,870.60	\$337.01	1.20
	Training spend per FTE in hrs					■	45.72	6.24	1.25
UNPLANNED COSTS	Costs per FTE (milk co fines, employment disputes costs etc)					■	\$0.00	\$509.75	1.25
	Unbudgeted Days Lost per FTE (i.e. sick / grievance/ suspension / breavement)					■	0.80	3.63	0.70
LABOUR TURNOVER	Management Staff					■	0%	4%	1.25
	Non Management Staff					■	0%	23%	1.25
HEALTH, SAFETY & WELLBEING	% days lost due to injury per FTE					■	0%	5%	1.25
	Rostered Days off per annum per FTE					■	106.27	63.39	1.20

OVERALL SCORE
(out of 15) **13.47**



Environmental Management

Environmental Management	Farm 2018/19	DBOY National Average
Effluent Pond	Lined	Lined
% of Farm Irrigated with Effluent	57%	38%
N Loading on Effluent Area (kg/ha)	76	131
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Winter Cropping % of Farm	0%	3%
Winter Soil Management	Cows Moved Frequently	Formal Standoff
Green House Gases (Total CO ₂ Equivalents)	6,257	3,660

Key Concepts

- We are extremely conscious of the environmental impact dairy farming has. Especially now with the Essential freshwater policy. We will do all we can 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 Mayfield Hinds water and Irrigo to investigate and understand how we can decrease Nitrogen loading.
- 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 57% of the farm at low rates through pivot irrigation with proof of placement through telemetry.

- Usage of water activated nitrogen (Ammonio 31 and n- protect urea). This means less evaporation and wastage of Nitrogen into the environment and a more uniformed application of sulphur throughout the year.
- We are looking into variable rate application of nitrogen on our spreading truck. This will prevent overlap of spreading on headlands and fence lines. It will also let us reduce rates at the front part of paddocks.
- 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.

4.5a Environmental Performance Scorecard

Category	Best Management Practise	High Risk (1)	Med-High Risk (2)	Medium Risk (3)	Med-Low Risk (4)	Low Risk (5)	Result	Score
EFFLUENT	Lined/sealed effluent pond					■	Lined or Verified as Sealed	5
	Percentage of the farm irrigated with effluent					■	57.0%	5
	N loading on effluent area kgN/ha				■		76	4
	Application Rate					■	Less than 10mm	5
NITROGEN	Kilogram of Milk Solids per Kilograms of Nitrogen Leached	■					16	1
	Kg N Leached/ha	■					106	1
	N Conversion Efficiency %		■				22.0%	2
	Soluble Nitrogen Use	■					358	1
PHOSPHORUS	Phosphorus Loss/ha				■		0.7	4
	Olsen P Levels				■		At optimum	4
IRRIGATION	Soil Moisture Monitoring					■	Soil moisture monitoring system	5
	Precision irrigation (soil mapping, GPS)			■			Some used	3
SOIL PROTECTION	Winter Cropping Area					■	0.0%	5
	Winter Stock Management (pugging avoidance)		■				Cows moved frequently during wet periods	2
<i>*Scores for irrigated farms are out of 70 and non irrigated farms out of 60</i> <i>**Numbers are extracted from OverseerFM</i>								Raw Score Out of 70: 47
								Adjusted Score Out of 15: 10.07



Livestock and Production

Livestock Management	Farm 2018/19	District Average	New Zealand Top 10%
Peak Milking Cows	1,120	1,246	807
Milksolids per Cow (kgMS/cow)	503	421	477
Milksolids as % of Cow Liveweight	103	86	95
Milksolids per Milking Hectare (kgMS/ha)	1,725	1,460	1,579

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

Pasture & Feed Management	Farm 2018/19	District Average	New Zealand Top 10%
Annual Stocking Rate – milking area	3.43	3.46	3.25
Homegrown Grazed Feed as % of Diet	81	82	63
Total Feed Fed (tDM/cows)	5.12	4.61	5.58
Grazed Feed Fed (tDM/cows)	4.35	4.14	3.60
Homegrown Feed – Direct Costs (\$/tDM)	101	100	96
Grazed Feed – Direct Costs (\$/tDM)	100	93	64
Conserved Feed – Direct Costs (\$/tDM)	250	274	251
Fodder Purchased – Direct Costs (\$/tn)	290	232	307
Concentrate Purchased – Direct Costs (\$/tn)	416	374	352

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.
- 40ha beet, 15ha Kale for wintering.
- 30 ha grass for young stock during milking season.
- Every March go through a cropping plan 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 & Resilience	Farm 2018/19	District Average	New Zealand Top 10%
Milk Income per kgMS (\$/kgMS)	6.37	6.61	6.67
Total Assets Managed per Hectare (\$/ha)	77,964	67,637	63,430
Gross Farm Income per Hectare (\$/ha)	11,984	9,673	11,095
Operating Costs per Hectare (\$/ha)	7,523	6,552	7,165
Earnings before Interest and Tax per Ha	4,499	3,150	3,934
Return on Total Asset (%)	5.8	4.7	6.3
Operating Profit Margin (%)	37.5	31.9	36.3
Gross Farm Income per kgMS (\$/kgMS)	6.95	6.62	7.05
Operating Costs per kgMS (\$/kgMS)	4.36	4.52	4.48
Cost of Production per kgMS (\$/kgMS)	3.93	5.00	4.52
Cost of Production + Financing per kgMS (\$)	5.19	5.95	5.55

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

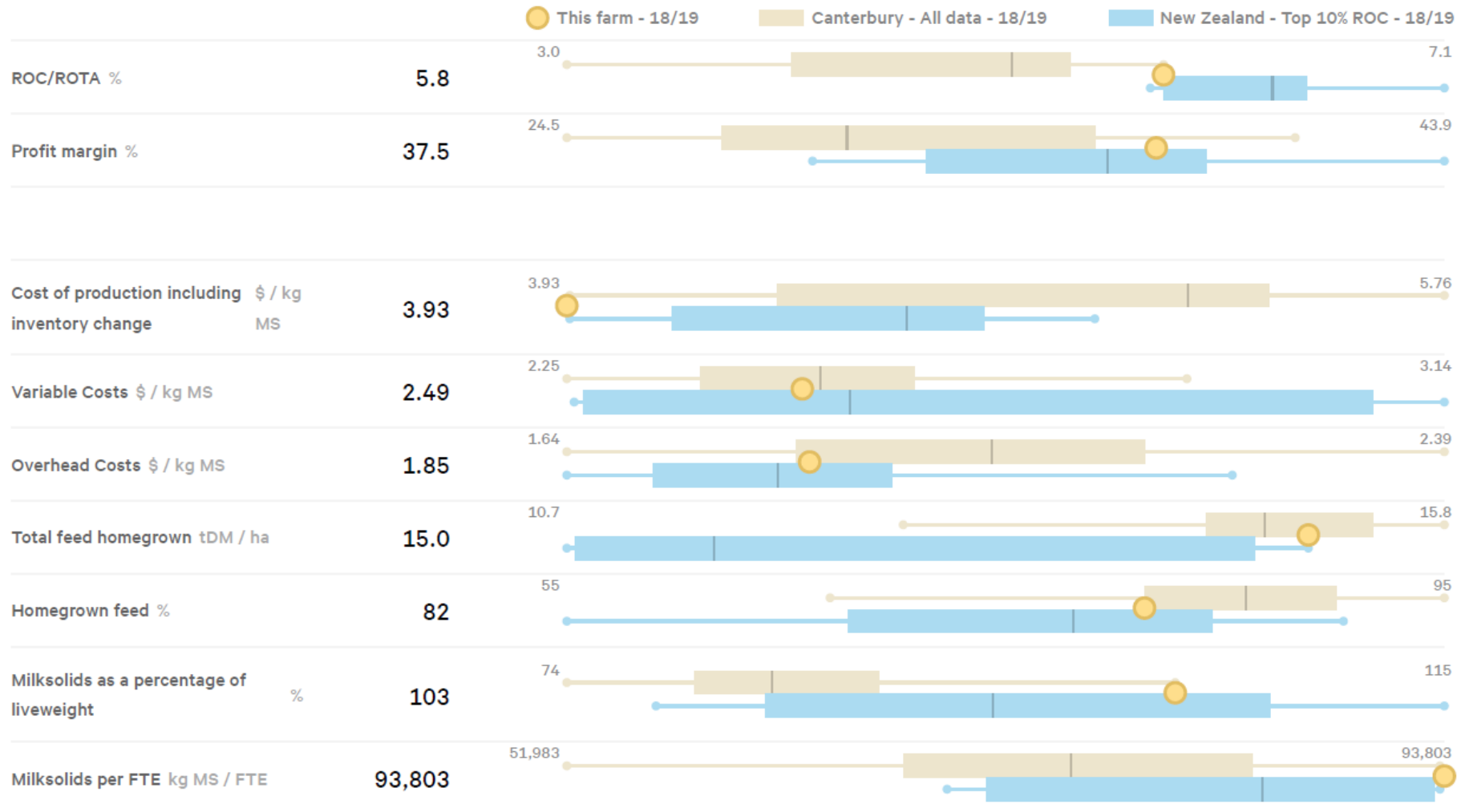
- Budgets are completed on CashManager Rural and we monitor expenses through reporting.
- Benchmarking: DairyBase, MacFarlane Rural Business – DSM and DBOY. Through benchmarking and analysing our operation we can find the places easily where we can improve.


- 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.

Farm Snapshot

River Terrace Dairy

DAIRY BUSINESS
OF THE YEAR 



Report generated in Global Dairy Farms - built by  Xcheque®

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 is a New Zealand-owned feed company and a proud 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.

Matt Macfie

Sales & Marketing Manager

Mobile 021 803 142

Email: matt.macfie@nutrinza.com

Your local rep:

James Bowker

Technical Sales Representative

Mobile 027 216 8049

Email: james.bowker@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 2021

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 can 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. Global Dairy Farms

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

- i. \$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. Global Dairy Farms – 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	First Name	Last Name	Position e.g. Owner	Main Contact (✓)
Person One				
Person Two				
Person Three				
Contact Details	Contact	Person	Contact	Person
Email:				
Landline Phone:				
Mobile Phone:				
Address	Farm Address		Postal Address	
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 assessment and cannot choose to leave sections out.			
Entry Type	Have you entered DBOY previously - please indicate YES or NO Have you had this season analysed in another model; please STATE			
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 details			
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 relevant 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!