Inside Dairy
Your levy in action

April 2013

HOW HIGH OR LOW SHOULD YOU GO?
Deciding on your farm system

What’s in-store for next season?
Farms continue focus on costs, debt

Feed efficiency project
How to identify the most efficient cows

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Must-reads
System selection: finding your best financial fit – page 12
Early findings of a DairyNZ study indicate there is little economic difference between farm systems – so long as they are well managed. Preliminary results of research into the economics of farm system change has shown that the risks of investing in a more intensive system need to be carefully managed.

Study identifies trait for feed efficient cows – page 18
An Australasian study, the Feed Conversion Efficiency Programme, has identified animals which eat less but achieve the same growth. The work, now coming to a close after six years, has identified DNA markers for the most efficient dairy cows.

On the cover: Waikato dairy farmer Andrew McGiven, who has made infrastructure changes on his farm to make his system tick.

We appreciate your feedback
Email your comments to insidedairy@dairynz.co.nz or call us on 0800 4 DairyNZ (0800 4 324 7969). Alternatively, post to Inside Dairy, Private Bag 3221, Hamilton 3240.
For information on DairyNZ visit dairynz.co.nz.

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Each region has its own particular key issues but obviously the drought was top of mind for many North Island farmers. It can be difficult standing up in front of farmers, talking about strategies and industry agreements, and the need for dairy farming to be competitive and responsible, when understandably your audience is grappling with how to feed their cows.

DairyNZ knows that when times are tough, we need to be there with the practical help, not just the strategies. So our regional teams have been working hard to assist farmers. We’ve sent weekly regional electronic newsletters with succinct and up-to-the-minute advice, and have run ‘beat the heat’ field days, as well as using our discussion groups to help with farmer-to-farmer advice and support.

We also have a role in working with others, like Federated Farmers and the Rural Support Trust, to help inform the media of the impacts of the drought on rural communities, and farmers themselves.

We also focus on ensuring everyone has a good understanding of what’s happening on the ground, including ministers and government advisors.

DairyNZ is working on many ‘fronts’ at once. The immediate concerns of the farmer – like a drought – as well as the wider business-as-usual science, research and industry initiatives that we invest your levy in. Getting the balance right between all of those different priorities is the hard part, because all are important.

Farmers also need to grapple with short-term challenges while considering longer-term strategic issues for their business.

One farm business issue covered in this edition is systems choice.

The DairyNZ systems work looks at the process for decision-making when making farm system changes. It will be used to shape how DairyNZ advises and works with farmers on these issues. Some of that work is profiled in this issue of Inside Dairy.

This research should help us all in the future – even during droughts.

I always like to hear your feedback, so if you’d like to contact me, email tim.mackle@ceo.dairynz.co.nz.

Tim Mackle
CEO DairyNZ

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Plant selection workshops

DairyNZ is hosting three Waikato workshops in June and July to help farmers and rural professionals select plants best suited to waterways in the Waikato and Waipa River catchments.

The workshops will focus on using the best practice Plant Selection Wheel for Waikato Waterways, which helps select riparian plants to enhance bank stability, fish habitat, biodiversity and reduce contaminant runoff.

The workshops will take place on June 24 and July 1 at Newstead, and July 8 in the North Waikato. Developed by environmental consultants Boffa Miskell, with funding from the Waikato River Authority, the wheel can help farmers meet specific Variation 6 (water allocation) consenting requirements related to riparian management.

Workshop attendance is free. Farmers and rural professionals are encouraged to register. Contact DairyNZ’s Tom Stephens ph (07) 858 3750 or email tom.stephens@dairynz.co.nz.

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International drawcard confirmed for SIDE

A world-renowned agri-business expert will speak about global food and beverage trends at this year’s South Island Dairy Event (SIDE) in June.

David Hughes, emeritus professor of food marketing at London’s Imperial College, is a keynote speaker at this year’s conference which will take place at Lincoln University on June 24-26. The presentation will be one of many helping farmers to prepare for future challenges.

This year’s SIDE theme for the conference is ‘take action!’ Registration is open now, with programme details and further information being posted on side.org.nz.

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Project to boost ag’s economic success

The Primary Innovation project, a collaboration across the primary industries sector, is underway as a new Government-backed initiative looking at the best way to convert ideas from scientific research into innovations to improve New Zealand’s economy.

The project, led by AgResearch scientist James Turner, will include scientists from a number of primary industry sector research organisations – including DairyNZ.

“We’ve seen before how, when great ideas coming out of science are actually put into practice, there can be significant economic benefits. We’re hoping to create a repeatable process for making that happen routinely and create more success stories for farmers and growers,” says James.

The project will see research case studies established during its five-year timeframe. DairyNZ is leading one of the case studies on dairy herd reproduction.
SYSTEM REVIEW SHARPENS THE PENCIL
Making a farm business tick
Andrew and Jenny are completing their first season with 300 cow feedpad and stand-off pad facilities, built to complement their Te Aroha farm’s feeding regime.

“Looking back, we probably should have put the feedpad in earlier, when we built the cowshed and its in-shed feeding system. Having the feedpad then would have increased the benefits earlier,” says Andrew.

Between 2000-2003, Andrew and Jenny’s farm expanded from 70ha to 103ha, with a new milking shed and a herd increase to 400 cows.

In 2008, another 35ha and 150 cows were added, increasing the need for supplement over winter.

“When we went to 550 cows we got away with it for a year or two – but we had about 25 percent wastage of maize, by feeding it in the paddock,” says Andrew. “We also had a lot of pasture damage on fence lines, from cows and where tractors were going in and out of the paddocks. We estimated pasture damage of 2t DM/ha.

“In 2010 we had a really wet winter and spring. It damaged a lot of pasture, the turnips didn’t germinate that year, and we thought there had to be a better way. The pasture damage was horrendous, we needed a feedpad to make it work.

“If we break down the 25 percent wastage of 400t maize, that alone was costing us $30,000 a year. That’s quite expensive fertiliser!”

(continues on page 4)
Looking at the options

Andrew says it made sense to add a feedpad and stand-off pad to the 140ha farm system.
So the McGivens began looking at feedpad and herd home options.

“I looked at a few different designs on other farms and talked to a local engineer – I liked his design and the ability to add a roof,” says Andrew. “We had built a lined effluent pond two years before and didn’t want to change pond calculations, so adding a roof reduced rain water into the pond.

“We ended up with a design 100m long and 8m wide, where cows were in the middle and fed along the outside.”

At the same time, Andrew wanted a clean and hygienic place for cows to calve down, off the paddock.

Decision-making process

The McGivens had a head-start on building their business case, thanks to Andrew recently completing the National Diploma in Agribusiness Management, through AgITO.

The diploma helped Andrew and Jenny with the planning stages – pulling together the relevant budgets, cashflows and documentation for the accountant and bank.

“The business plan looks a bit like a novel but the banks like it,” says Andrew.
The plan detailed key stakeholders, personal and business goals, annual and three year budgets, monthly cashflow, a sensitivity analysis and benchmarking against a Waikato median and the top 10 similar-sized businesses.

“We also looked at return on assets and return on capital, past productivity and farm working expenses,” says Andrew. “Ultimately we wanted a more robust system, so if milk production drops we can keep our head above water with farm working expenses.”

Without any increase in cow numbers or feed, the planned infrastructure changes showed it would give an 11 percent increase in production and a reasonable profit.

Andrew also ran his plans by his farm consultant and a local nutritionist, each providing input into the proposed changes.

**Results lift feed use**

“The pasture is much better, with less damage,” says Andrew. “We’ve been able to extend our maize to last another six weeks, because we have another 100t on hand by feeding on the feedpad. That’s a big difference.”

Despite the dry weather reducing the anticipated 11 percent production, bringing it down to around 5 percent, the McGivens are happy with how the farm now operates financially and overall.

“The cows have put on more weight – they’re in better condition thanks to a better calving.”

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**Economist’s view**

ANZ economist Cameron Bagrie says there are a few things dairy farmers thinking about business expansion should consider.

“You cannot influence things like exchange rate, volatility and interest rates – so work with them,” says Cameron. “Instead, focus on key areas like leadership, capability, performance and governance. Get the most out of the human capital you have available, in uncertain and volatile times.

Cameron says there’s a growing gap between the very good and the under-performing farmers.

“It’s important to stay viable and attractive as an investment, to be as good as you can. In a strong economy, even weak businesses can look good.”

*See the full story on next season’s predictions, page 10-11.*

**Considering a farm system change?**

Before making the decision to change your farm system, consider the following process:

- **Start your homework early**
  (6-12 months ahead)
- **Work out what you want from your business**
- **Define your objectives**
  Clarify what you want to achieve and why
- **Look at the options**
  Investigate all options to achieve your objectives
- **Get advice**
  Talk to:
  - other farmers
  - a farm systems expert (consultant)
  - your accountant
  - your banker
- **Make a decision**
  Decide – and stick with it
- **Look at team capability**
- **Track your progress.**

*For more detail on DairyNZ’s farm systems research, see the full story, page12-13.*
For Cambridge dairy farmer Garry Reymer, feeding supplement is part of his DNA.

“I grew up with maize silage, Dad had it, so when I went sharemilking I started growing my own maize silage on a lease block,” says Garry. “Feed’s part of my DNA – it was always there.”

When Garry and wife Marie-Jose purchased their current farm 20 years ago, the 70ha (effective) property operated a predominantly grass-based system, with very little feed input, for 200 cows. In the second season, a new milking shed and automated feeding system were built and they started feeding grain, aiming to keep the farm a one-man operation.

In 1999, they added 21ha and increased cow numbers by 100 to 330.

“That’s when we really started to increase the feeding with some winter grazing and increasing the feed through the in-shed feeding system,” says Garry.

The grain fed gradually increased to 300t and seven years ago PKE (palm kernel extract) was introduced. “The PKE went from 50t and peaked at 400t.”

Garry says they drifted into a higher input system, by gradually feeding more.

“We’d get the warm fuzzies from production being up 10,000 kg MS a year, we’d think ‘this is great!’” says Garry. “We totally drifted into it. But what got me thinking was the 2007 drought – we put a lot of feed in then, and even more the following year.

“We were growing grass and putting more tonnes of feed in, production was inching up but it wasn’t romping ahead.”

Over the years, Garry monitored pasture utilised, harvesting 12t/ha in a bad year (2010/11) and 15.8t/ha in good years (2011/12). The farm took a hit in the 2010/11 season – feeding 380t PKE, 160t grain and harvesting only 12t/ha pasture.

“That’s the first year we really lost a lot of grass and at that point, I started to question it.”

Garry started looking around – talking to other farmers who’d stayed low input and others who had gone higher input.

“You see good results on low input and some on high input but as we found, it is crucial to use your own numbers. A lot depends on infrastructure and current labour requirements.”

Crunching the numbers

To evaluate how economic his system four farm was, Garry began with his record keeping.

“We have kept good records over a number of years. I kept a simple spreadsheet which recorded basic details over 10 years, such as cow numbers, feed bought in, production…

“So I began developing the amount of data further, putting more information into it around stock numbers, costs, labour and profit, and kept pushing the numbers, real costs and payouts each year,” says Garry.
He then gathered advice from other sources, including his accountant, a DairyNZ economist and respected farmers, to test his numbers.

“What dropped out the bottom was that one system seemed more robust than the others and less sensitive to payout – system two or three.”

System two has 4-14 percent of total feed imported, either supplement or grazing off, fed to dry cows. System three is 10-20 percent feed imported to extend lactation (typically autumn feed) and for dry cows.

**System selection decisions**

Garry and Marie-Jose then decided that system two/three was best for their farm, as it provides flexibility to increase or decrease feed as required. In a good payout year, the cows could easily lift production with better feeding, without need to change anything on-farm.

“The calculations showed at a system two with stock of 1400kg LW/ha, it was economical to put in some feed, but not a huge amount – 50-80t for 230 cows,” says Garry.

This season has been Garry’s first year easing out of system four.

“I’m still working to reduce inputs – it’s certainly harder to get out of a higher input system than to get into it,” he says.

Currently, the farm is producing 50kg MS/day less than last year (albeit a harder year – a drier summer and a goal to reduce imported feed).

By the end of the season, Garry anticipates they would have contracted 180t PKE and 300t grain – down on last season by 150t and 50t (respectively). Despite less feed purchased, by new year he had a 2 percent increase on production.

“Next year we plan to peak milk 270 cows at 1600kg LW/ha, down from 1800kg LW/ha this year. We’ll see how that goes for one year. Perhaps we might look to drop another 200kg LW/ha and we’ll look to reduce the feed again next season.”

**Advice to others**

“My advice would be don’t rush change. Have a good look, increased feeding sucks up a lot of capital that is not taken into account when you work out margin over feed cost,” says Garry.

“If you want to reduce input, pull out 25 percent and see if you’re utilising pasture better – see how things change and what the feed cost compared to production gained or lost, changes in work load. There is a lot to consider and it’s different for every farm.”

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**Reymer farm changes: reducing inputs toward a system two**

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^ Cambridge farmer Garry Reymer decided that system two/three was best for his farm.

^ Despite less feed, by January Garry Reymer had a 2 percent increase on production.
System decision-making – to do, or not to do?

Decision-making is an interesting process. At some point a judgement needs to be made: to do or not to do? No amount of further analysis or due diligence can take all of the risk away.

When it comes to decisions involving significant investment and change, these are more difficult to make. More is at stake if it goes wrong. There is more to learn to perfect a new way of doing things.

Some say there is power in the decision. If we’ve thought it all the way through and it seems the right thing to do, we will make it a success. Equally, we talk ourselves out of a lot of things overnight and do nothing.

For most of us, it is intuitively easier and safer to break things down into increments. Put a toe in the water.

When it comes to changing a farm system we often observe the “toe in the water” approach.

People start by intensifying in a low-cost manner without extra infrastructure. Often this is an extension of the practices used to feed supplements when the weather is against us.

Then more feed or infrastructure is added, when we can afford it. A feed-pad is built. More mechanisation is introduced. Infrastructure is upgraded to house the machinery, better collection of effluent or to put a roof over the cows.

The challenge with an incremental approach is avoiding the risk of ending up “half-way to nowhere” where everything is compromised, including performance and profit.

The antidote for the half-way to nowhere dilemma is thinking and costing a farm system change all the way through at the start. Begin with the end in mind, as they say.

There are a range of topics to do due diligence on: including our own aptitudes, likes and dislikes. Then there is a full investment and nutrient management analysis considering all of the costs and benefits involved.

A structured approach to this background work is highly desirable to go into decisions with eyes wide open.
Managing costs and debt remain a focus

DairyNZ economist Matthew Newman is guardedly optimistic about what the coming year holds for dairy farmers.

However, Matthew urges farm managers to continue focussing on what they can influence, usually behind the farm gate. This includes expenditure; production continuation that does not compromise next season; careful financial planning; benchmarking; and development and retention of good staff.

“We are seeing more use of tools to help with financial planning and monitoring, like DairyBase and DairyNZ budgeting tools,” says Matthew.

Dairy farm operating costs appear to have increased to a new level over the last five years, following a major surge of more than $1/kg MS in 2007/2008. While costs have eased a bit since then, farm working expenses have averaged around $3.85/kg MS over the past five seasons.

The main increase in expenditure has been on supplementary feed, now totalling $0.80 to $0.90/kg MS on average, far outstripping fertiliser costs at $0.50 to $0.60/kg MS. When more supplementary feed is purchased, other costs such as fuel, machinery and labour also increase.

Any additional capital costs also need to be taken into consideration.

This year estimates are 20-25 percent of dairy farmers will not cover farm working expenses and interest-rent payments, with combinations of further cost cutting, overdraft extensions and off-farm income possible solutions to narrow that gap.

Debt has stabilised

Debt remains an issue for the farmers who have 40 percent or less equity in their businesses. Overall, debt levels appear to have stabilised, at around $30 billion total dairy farm debt.

Some farmers have been working closely with bankers to make more principal repayments on loans, and this will have to remain a priority over the coming seasons.

Looking through the difficult dry conditions currently affecting North Island farmers, Matthew sees the upside for farmers being a decline in global dairy commodity volumes while demand remains solid, suggesting an upside to milk prices next season.

Impact of dry conditions

The length and severity of the dry North Island conditions will have a big impact on the prospects for the 2013/14 season.

“One thing we have learnt from previous droughts is that they will impact milk production for more than just the season they occur.” Stock condition, stock numbers, pasture renewal and supplementary feed reserves will all take time to recover.

Meanwhile, the December boost to milk price was welcome, as was the lift in the advance to $4.25/kgMS. “The tight cashflow since the start of the season has caused stress.”

The one certainty that remains for dairying is it will continue to be a volatile sector.

“Those increases and decreases in milk price mean we have to get smarter about what to do with surpluses in the years we get them.”
After the 2011/2012 dairy season being ‘one out of the box’, the Ministry for Primary Industries (MPI) has revised its initial production predictions for this season.

MPI manager of economic information and analysis, Chris Jones, says the unit initially predicted, back in June, no change in 2012/13 milk production. Until recently, monthly production was running ahead of last year’s bumper season, although this disguised significant variation at the regional level.

“Given the drought situation, it’s likely milk production for the 2013 season will be similar to the previous year’s record 1.685 billion kilograms milk solids,” says Chris.

Beyond production expectations, MPI is keeping alert to any downside risk to milk solids returns over the coming year. Given the level of dairy debt at $30 billion, he acknowledges that consecutive years of lower payouts will have a detrimental effect on a number of more heavily indebted farms.

But his department is quietly optimistic about milk prices for the 2013/14 season, expecting, if anything, a moderate increase, to around $6.00/kgMS. That has been buoyed by consistent gains in the Global Dairy Trade prices over recent auctions.

The key demand driver to explain this is the continuing strong demand from China for milk powder. The country has experienced four years of consecutive growth in demand, with last year’s imports from New Zealand totalling almost 400,000t.

Chris points to China’s low per capita consumption of milk products at around 26kg per person per year, providing confidence for further growth. This is only half that consumed by typical developing nations, and only a third of average world per capita consumption.
Such a low base, a growing middle class estimated to total 600 million people by the end of the decade, and increasing incomes, are strong foundations for short to medium term growth.

On the supply side, the US drought’s impact on international grain prices will continue to provide a floor for international milk prices, and a competitive edge to New Zealand’s pastoral-based milk production system.

While cautiously optimistic about the global prospects for dairy, there are production constraints at home that New Zealand farmers need to factor into the big picture.

“There are questions about land and water constraints, and the pressure on these resources in some parts of the country,” says Chris.

While the industry has done much to acknowledge and mitigate its environmental impact in recent times, he believes the industry will continue to face intense public scrutiny about its environmental performance.

Global outlook still reliant on EU and US

ANZ economist Cameron Bagrie says while the global outlook has stabilised in the past four months, the need remains for serious restructuring in Europe and the United States to get those countries on a realistic, sustainable route to recovery.

The current stability has come largely from central banks keeping liquidity high, by flushing the global financial system with funds.

“There is some collateral damage from that, including a high New Zealand dollar, though it does also deliver lower international funding costs and a reasonable outlook for commodities.

“However, the recent downgrade in the United Kingdom’s credit rating and uncertainty towards Italy’s (a big borrower) election result is a reminder these debt challenges have not disappeared. We have just bought a bit of time,” says Cameron.

To address balance sheet malaise, outright austerity is only “half a solution”. He says unless politicians really address structural changes, including labour competitiveness to drive growth (in business parlance this means more revenue and sales), it will be a long, slow road to recovery.

He likens the European political complacency to New Zealand pre-1984: New Zealand’s economic model was broken.

“Rather than address key issues we continued to borrow, subsidise industries, regulate, and looked inward as opposed to outright. ‘Rogernomics’ reforms and tough love followed.”

What does it mean for farm businesses?

ANZ economist Cameron Bagrie believes the New Zealand economy, like most western economies, faces slow growth as legacy issues collide with opportunities.

However, four key factors can help New Zealand to stand out, and also relate to dairying.

“They are unlocking this country’s natural advantages, including growth from our considerable natural resources (New Zealand tops of the world for renewable resources on a per capita basis according to the World Bank),” says Cameron.

“Then wrapping these resources with an innovation strategy (think shifting up the value added chain), a functional political system (our system is not perfect but it’s superior to others) and a society that remains receptive to change.”

He notes dairying also has the challenge of legacy debt issues, versus the lure of opportunities presented by growth in countries like China.

For dairy farmers considering expanding their business, or exploring other opportunities for investment, he offers some very succinct advice:

• Focus on the ‘micro’ elements of business
There is a lot - including exchange rate (with its high level being the ‘new normal’), volatility and interest rates that you cannot influence - so work within them. Instead, focus on key areas like leadership, capability, performance and governance - get the most out of the human capital you have available in uncertain and volatile times. We need to be focused more on strategies that execute and deliver across Asia, as opposed to constantly talking about the opportunities. Such forces have always been important: they are simply even more critical now.

• Sharpen up your game
There is a growing divergence between the ‘very good’ and ‘under-performing’ farmers, and it will only grow in the next five years under uncertain and volatile global conditions. To stay viable and attractive as an investment, you need to be as good as you possibly can. ‘She’ll be right’ simply does not cut it anymore. In a strong economy, even weak businesses can look good. However the “tail” of poor businesses, including farms, has shifted from 10 percent (under-performers) - 80 percent (average) - 10 percent (strong), to 20 percent - 60 percent - 20 percent. The good are getting better, and the under-performers are becoming more exposed.
Early results of a DairyNZ study into the impact of system changes shows little difference in economic efficiency between systems – so long as they are well managed. However, the impact of system changes on business capital is less clear cut.

DairyNZ project manager, Geoff Taylor, says the project began after DairyNZ observed farmers moving into more high input systems, often incrementally, making it hard to determine the real cost and benefits of the system shift.

The project used a modelling approach, based on farmer interviews, to look at the impact of intensification on individual farm businesses.

“Early analysis shows return on assets from dairying operations (excluding capital gain) to be very similar across all systems (low, medium and high),” says Geoff.

“This suggests farmers can choose any system and gain similar returns – provided the system suits the capability within the business and the resulting standard of management is high.”

These findings confirm the DairyNZ team’s long-held view – that selection of farm system is secondary, providing farm management is good.

“This proviso turns out to be a big one. As you intensify, you introduce a lot of additional decisions to be made,” says Geoff. “So, the room for error is greater, making higher input systems more vulnerable to management capability. You can’t get away with being average in these systems.”

What was a surprise, was the impact system change had on business capital.

“The decision to intensify is a long-term investment, with costs and benefits accruing over many years. So we need to use analytical tools that account for this element of time.”

**Investment analysis tool**

The project used net present value (NPV) methodology to analyse system change as an investment. NPV enables comparison of investments by bringing all future costs and benefits back to present day values.

Under the assumptions the team used, the NPV was variable but generally negative, suggesting intensification was not a great option. “It’s important to note this is not a blanket finding,” says Geoff. “The result will depend on the individual farmer’s circumstances. These include availability of people and other resources; the capital spend required; time taken to get the new system humming and ability to recoup capital invested – with the last point being critical.

“We found a very real risk of over-capitalising the business. Independent valuations of the model farms we developed found capital values, following intensification, did not fully reflect the capital invested.

“In the worst scenarios, the capital upgrades only increased the farm value by $194,000 – despite costing $567,000 – a discount of 66 percent!”

Geoff says the real concern is if the decision was based on cashflow or return on asset, development would probably go ahead. However, use of the NPV model suggests not to proceed. “Worse, the farmer might have gradually moved into a more intensive system, without even realising the associated business impacts.”

This highlights the importance of doing the numbers, but, more importantly, using the right tools to do the numbers. “Intensifying the farm system can involve significant investment and it’s important to analyse it like an investment,” says Geoff.
Which system is right for you?

Before making the decision to change farm system, the DairyNZ people and business team recommend farmers consider the following:

Start early

Start your homework 6-12 months ahead, to give yourself time to get it right.

Work out what you want

Understand what you want the business to deliver you and your family, so that you know where to compromise and what is non-negotiable. For help, get a copy of DairyNZ QuickPlan – visit dairynz.co.nz/quickplan

The proposal – define your objectives

Be clear on what you want to achieve from changing system and why. For example, do you want to increase milk production, mating performance, profit or something else? This helps with decision-making.

Look at the options

Investigate all options, as there may be better alternatives to achieve the same objective. For example, increasing profit may be easier through emphasis on cost control, rather than milk production.

Each option will have an economic impact – positive or negative – so crunch the numbers using the right tools, or get help from your rural professionals. Because costs and benefits accrue over time, use tools like NPV to properly evaluate the plan. Use of operating profit or return on asset can lead to the wrong decision.

Each option will have pros and cons that are hard to quantify, but will influence the final decision. Team capability to implement the system is a good example. Make sure you list these and consider how they affect your overall goals.

Get advice

It’s worth getting other perspectives to help fully consider your options:

- Other farmers
  Talk to other farmers about their experience and what they learnt. DairyNZ’s Dairy Connect can put you in touch with farmers who’ve made similar changes. Visit dairynz.co.nz/dairyconnect

- A farm systems expert (consultant)
  An independent systems expert (someone not selling feed or infrastructure) can help sort through the options and design a workable system to meet your goals, given the resources available. They can also help crunch the numbers.

- Your accountant
  Can help with an investment analysis, incorporating the tax implications and an understanding of your current financial situation.

- Your banker
  Make sure they are comfortable with where you are heading. Also check their expectations of long-term product prices and interest rates – these are critical assumptions in your analysis.

Make a decision

Decide – and stick with it. Going halfway, as a compromise, is usually a good way to get compromised performance.

Useful decision criteria include:

- alignment with personal/family goals
- economic impact
- risk factors
- team capability.

Team capability

Above all – consider the people. Managerial capability, in particular, is critical to the success of system changes. Has the team got the capability to implement the new system? If the answer is not a confident ‘yes’ the level of risk goes through the roof. Good results depend on excellent execution.

Track progress

Tracking progress is not just achieving the expected objectives, it’s about keeping on track as well. Setting small, achievable goals along the way and then ‘knocking them off’ can be a great way to keep you and staff motivated.
Identifying business risk

BY NICOLA SHADBOLT | Massey University & FEMI OLUBODE-AWOSOLA | AgResearch

New Zealand dairy farmers are exposed to considerable uncertainty. This uncertainty provides both opportunities and threats for New Zealand dairy farms.

Often it is the capacity of the farm manager to interpret and respond to external (and internal) information that determines the advantage or disadvantage eventually realised.

There are a number of external factors that have brought about increased uncertainty, namely variability in milk price and input price; international trade policies; policies on bio-fuels; increasing consumer awareness of sustainable food systems; environmental and animal welfare regulations; and consolidation of the global dairy industry.

So when farmers pull together a plan for the future, do they worry about and respond to all these things at once, or are they more selective? Do they see every issue as a problem or are some also creating opportunities?

A tool designed to help

A DairyNZ-funded study, undertaken by the Centre of Excellence in Farm Business Management, has explored how farmers perceive those external sources of uncertainty.

The study also looked at their attitude to risk, the risk management strategies they adopt and the performance they have achieved. While carrying out this research, a strategy tool was discovered that usefully illustrates those perceptions.

The tool helps farmers identify the issues they believe have the biggest impact on their business and are more likely to occur. The tool, the RiskChoice Matrix, combines two ‘heat maps’ – one showing where the farmer believes the business can benefit from uncertainty and the other where it can lose from it.

These uncertainty heat maps illustrate side-by-side the positive and negative perceptions.

An ‘arrow of attention’ guides the decision-maker to the most important perceived risks.

While useful for an individual business, the matrix can also illustrate how, on average, a group of farmers perceive risk (see example right).

The arrow of attention suggests a need to plan strategically to mitigate the likely negative impact of uncertainty with input prices and availability, and government body laws and regulations.

It also indicates a need to take advantage of positive impacts from uncertainties in global supply and demand for food, product prices and technological changes.

The RiskChoice Matrix tool will be available for farmer/rural professional use in June on the centre’s website onefarm.ac.nz

Industry threats and opportunities

This RiskChoice Matrix illustrates perceived opportunities and threats from an industry-wide survey of dairy farmers.

Opportunities to benefit from:
A Product prices, technological changes, global supply and demand for food
B Skills and knowledge of those associated with the business; reputation and image
C The global economic and political situation
D Climate variation; pasture/crop/animal health; interest rates; land values; input prices and availability; labour availability; business relationships (within supply chain); dairy industry structure; global competitors and competition; government laws and policies.
E Local body laws and regulations.

Threats to lose from:
1 Input prices and availability, local body laws and regulations
2 The global economic and political situation; government laws and policies
3 Climate variation; pasture/crop/animal health; interest rates; labour skills; business relationships (within supply chain); dairy industry structure; land values; product prices; global competitors and competition; reputation and image
4 Technological changes, global supply and demand for food.

1 Adapted from Alberta Agriculture and Rural Development (2013) accessed February 2013 online at http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/bmi12504
Gearing up for next season

Effort put into planning now, will help get next season off to a flying start.

Take the time to look back over the current season, review how it all went, and use that information to get set up well for next season.

Checklist

Regular meetings with staff
- Review current season – what worked well, what could be improved?
- Involve your people – let them know your business objectives and goals, production targets etc and involve them in problem-solving, setting expectations, building team culture
- Encouragement and praise for jobs well done
- Celebrate milestones and successes, and remember to thank them for their hard work.

On the farm
- Order supplies for spring – e.g. Causmag, limeflour, milk fever and mastitis treatments, filter socks, detergents
- Service all motorbikes and machinery, get milking equipment checked, order new rubberware
- Complete maintenance and land development e.g. resurfacing races, water line maintenance, re-fencing, re-roofing
- Grass seed ordered early, so it’s on-hand for re-grassing
- Review feed situation and work on feed budgets for the new season
- If planning to transport stock, visit dairynz.co.nz/transportingstock for guidelines to ensure a safe and comfortable journey.

For the business
- Take time out to review your goals, what does the business need to deliver?
- Review loans and interest rates
- Review production graphs and set targets for the new season
- Review farm working expenses and look for areas to improve
- Set new budgets for next season with high, medium and low payout options. What strategies will you implement?
- Get accounts to your accountant ASAP. Drought could seriously affect cashflow and resulting tax obligations.

Calf pens and paddocks set up in autumn, ready to go
- Covered, well-ventilated area that protects calves from rain and draughts
- No sharp edges, nails or tin
- No gaps in walls, floor or rails larger than a newborn’s hoof
- No lead paint or newly tanalised wood within calf reach
- Clean, fresh drinking water available
- Access to comfortable lying surface
- Bedding material supplies ordered
- Designated area for sick calves
- New teats for calfeterias, and all equipment cleaned and checked
- Assemble a well-stocked, easily accessible calving kit, and talk it through with staff.

Spring survival
- Orientation plan in place for new staff
- Training scheduled so the whole team knows what they have to do and the standards expected of them
- Organise rosters including time off for all staff, especially during busy times, including you! Book a relief milker
- Adequate protective gear available, and existing gear replaced, repaired or updated if necessary
- Human nutrition is important – particularly for young staff. If people are too tired or aren’t capable of cooking, sort out a plan so your staff get fed well to sustain them through the day. Have a supply of high energy snacks available.
- Organise time-out for everyone to recharge their batteries.

For more information, refer to the DairyNZ Spring Survival Guide and QuickStart recruitment kits at dairynz.co.nz
Elements of success discussed at forum events

Advice on how to reap the benefits of a lifetime’s hard work will be provided at the DairyNZ Farmers’ Forum in Hawera on April 18, as part of a nationwide series.

The advice is part of a succession planning session by Joan Baker, a business consultant and author, who says the cost of ignoring the issue of succession is very high.

The Taranaki Farmers’ Forum is part of a nationwide series of events which will take place in Whangarei, Greymouth, Hawera, Invercargill and Woodville during April and May.

The forums feature presentations from local farmers, DairyNZ scientists and other experts who will offer insights into regionally-relevant subjects. The events allow participants to pose questions to both local farmers and dairy industry experts.

Joan has a particular interest in the human side of business and, in particular, the issue of succession. Having come from a farming family herself, Joan knows first-hand the intricacies of the topic.

In her presentation Joan will focus on the ‘soft’ side of succession planning.

She says it can be quite easy to organise all the money and legalities surrounding succession, but there is more to it.

“It’s actually very difficult for people to face up to the need to plan for succession, to think about what they really want and have the conversations with all the people necessary, to make it happen,” says Joan.

“People find it very hard to do the thinking and talking that’s required to get them to the point of having a succession plan.”

Another relevant issue Joan will address is the identity issue that surrounds farmers and their new life following succession.

“Usually somebody who farms identifies themselves as a farmer. Men, in particular, tend to have a very strong identity with their work and often they have huge issues around who they will be once they no longer farm,” says Joan.

“Often they don’t do anything about creating a new life for themselves and it’s terribly hard for them to let go of their farming identity.”

Joan hopes her presentation will encourage farmers to begin conversations about succession with their families and relevant parties.

She says farmers often leave it too late.

“They don’t talk within the family about what they want and what the various children want. They’re worried about treating their children unequally and they solve the problem by doing nothing, a lot of the time.”

Joan wants to help farmers initiate the thinking and talking that’s a necessary prerequisite for successfully planning for succession.

“I would define a successful succession as the farming couple getting what they want.”
West Coast

Also taking place in April is the West Coast Farmer’s Forum in Greymouth.

Pierre Beukes, from the DairyNZ modelling team, will speak about strategies to reduce nitrogen leaching.

As dairy systems increase both production and profit, reducing nitrogen leaching is a huge challenge for dairy farmers. Pierre will focus on nitrogen excreted as urine and how farmers can reduce it, capture it and treat it.

A hot topic that will also be covered at the West Coast forum is the use of gibberellic acid.

Rachael Bryant, an animal science lecturer from Lincoln University, will present the pros and cons of gibberellic acid.

She’ll talk about when it can be applied for the largest yield during the ‘pinch period’ and also the most effective way of dealing with the reduced growth period afterward.

Each Farmers’ Forum, which is free to all levy paying dairy farmers and their staff, runs 10am-2pm with lunch provided. Register online at dairynz.co.nz/farmersforum or call 0800 4 DairyNZ (0800 4 324 7969).

Topics covered at the April events

Northland

- Herd reproductive performance, environmental management, pasture management, farmer resilience, farm effluent planning, once-a-day milking, measuring chicory, mixed pastures, the Forage Value Index, maintenance equations

West Coast

- Heifer management from weaning to pre-mating, on-farm environmental compliance from a dairy company perspective, fertility, wintering, gibberellic acid, nitrogen leaching, GPS use on farm

Taranaki

- Succession planning, once-a-day milking, GPS use on farm, nitrogen leaching, Forage Value Index, pasture persistence

DairyNZ Farmers’ Forum dates:

Northland
5 April
Leisure Centre, Whangarei

West Coast
12 April
Shantytown, Greymouth

Taranaki
18 April
The Hub, Hawera

Southland
15 May
Ascot Park, Invercargill

Lower North Island
28 May
Woodville Racecourse, Woodville

Information on Southland and Lower North Island forums will feature in next month’s edition of Inside Dairy.
This variation in efficiency is real – and science has measured different feed requirements in mice, poultry, pigs and beef cattle. An animal’s efficiency to convert feed into milk is driven by digestion and biochemistry, and is controlled by DNA.

New work, the Feed Conversion Efficiency Programme, has now done the same for dairy cows, identifying animals which eat less but achieve the same growth. The programme, now coming to a close after six years, has identified DNA markers for the most efficient dairy cows.

Undertaken by DairyNZ with LIC, and colleagues in Australia, the Feed Conversion Efficiency Programme findings have been validated in several studies.

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Most of us know people who seem to eat a lot and stay thin, and other unlucky individuals who eat little, but weigh a bit too much.

Efficient animals

A customised facility was built in Taranaki to hold a large number of calves for 50-60 days, with automatic recording of feed intake and frequent measurement of liveweight.

The study was designed to identify animals that used either less, or more, feed than expected, based on requirements for an average animal of the same size and level of production. The efficiency measured is termed residual feed intake (RFI).

To measure RFI, all feed intakes must be measured accurately, which is not easy for individual grazing animals. During the trial, the calves were fed a forage cube diet of consistent quality.
Feed efficiency facts

- Feed accounts for more than 50 percent of direct costs for milk production in most dairy operations, including total mixed ration systems in the United States and pastoral grazing in New Zealand.
- It has been calculated that over a typical seven-year lifespan of a dairy cow (five lactations), about 77,900 megajoules (MJ) of energy is invested in milk and carcass from a total feed intake of 258,000 MJ of metabolisable energy (ME).
- About 30 percent of energy intake is retained in the product itself (milk, meat) and 70 percent is associated with cow maintenance and product (meat and milk) manufacture. The efficiency of energy use for maintenance and synthesis does vary between individuals.
- There is a sound physiological basis, and economic incentive, for lowering feed costs while maintaining animal health and production – this may be achieved by selecting animals that use feed more efficiently.
- The RFI trait is heritable and genetic associations make it easy to identify efficient and inefficient animals.

The research initially screened about 2000 Holstein-Friesian heifer calves (6-8 months of age) to find the most and least efficient converters of feed to growth. It then demonstrated that the 10 percent most efficient calves in growth also needed less feed to achieve the same level of milk solids production as heifers; and also identified genetic markers for this trait.

The ultimate benefits of farmers selecting more efficient animals will be lower feed costs for herds, without affecting growth and production.

This is just a snapshot of the programme – for results and details see this month’s Technical Series (enclosed with Inside Dairy); it has a complete feature on the Feed Conversion Efficiency Programme.

Genomic RFI breeding values for LIC holstein-friesian sires are available this autumn. First and foremost, farmers should use BW information when selecting bulls and use genomic RFI breeding value information as an additional tool in bull selection decisions.
Industry advocate takes on new role at DairyNZ

Fonterra’s European policy and advocacy manager, Kimberly Crewther, will be coming back to New Zealand in June to become the new DairyNZ general manager of policy and advocacy.

DairyNZ chief executive Tim Mackle says Kimberly has an in-depth knowledge of dairy farming and the New Zealand pastoral sector, expertise across the key policy issues of the day and strong relationships in the sector on a global basis.

“That will be invaluable to us as an industry body representing dairy farmers’ interests,” he says.

Kimberly, currently based in the Netherlands, will complete her assignment in Europe and relocate to Wellington to take up her new role with DairyNZ from June 11.

“This is a key role for our organisation and the dairy industry. Kimberly replaces our high flyer Simon Tucker, who has moved on from DairyNZ and is set to become NZ High Commissioner to Canada,” says Tim.

“Simon made a great contribution to DairyNZ over his four years with us by leading, establishing and building up a respected and effective policy and advocacy team. Kimberly can now carry on what he started and ensure that DairyNZ continues to play a significant role in the development of industry and sector direction and policies.”

For the past nine years Kimberly has held a number of roles in the Fonterra Co-operative Group. This includes her current European position where she has been responsible for leading the development and implementation of Fonterra’s trade policy and government relations strategies in the region. Kimberly comes from a farming background and says her brother is delighted she’s coming home because “he’ll get his relief milker back”.

During her time at Fonterra, she has also been part of the sustainable production team and contributed to some of the key milestones for the dairy industry in New Zealand and globally. These include climate change policy, the Emissions Trading Scheme and the National Animal Identification and Tracing (NAIT) scheme.

Tim says Kimberly will also assume the part-time position of executive director of the Dairy Companies Association of New Zealand (DCANZ). In this role, she will report to DCANZ chairman, Malcolm Bailey, who says this is an important role for the dairy companies association.

“We have a lot of collective challenges and opportunities. Kimberly has a strong set of skills and experience that will certainly help us going forward. I’m excited about her appointment,” says Malcolm. For more information on DCANZ, visit dcanz.com

DairyNZ team has key expertise

DairyNZ’s policy and advocacy team, that Kimberly will lead, includes staff based in the Waikato, Wellington and the South Island.

The team has policy, environmental and water quality specialists.

For more information on their work on behalf of farmers, visit dairynz.co.nz/policyandadvocacy
‘Our industry, our future’ discussion forums

From the top of the North Island to the bottom of the South, Fonterra farmer suppliers came to workshops last month to discuss what growing a sustainable dairy industry meant to them.

Fonterra and DairyNZ senior managers, including DairyNZ CEO Tim Mackle and Fonterra’s co-operative affairs director Todd Muller, also outlined how they are working together to make it easier for farmers to implement sustainability on-farm.

The joint events discussed various big issues, including Fonterra’s sustainability programme, how DairyNZ is working with others on the Strategy for Sustainable Dairy Farming, the new Water Accord and farmers’ views on regional regulations. DairyNZ is also involved in similar events with other dairy companies over the next few months.
Three years ago the Watsons began in their current variable order role milking 1600 cows at Pureora, between Mangakino and Benneydale, near Te Kuiti.

In their first year, Don and Kirsten’s budget for the season was ‘way off’ what was actually happening, and admitted their budgeting skills needed improving.

Don and Kirsten both grew up on farms and then trained as vets. Together, they purchased a lifestyle block and Don managed a sheep and beef farm, while Kirsten practised as a vet. Eventually they went dairy farming, viewing the industry’s pathway as much stronger.

Don was herd manager on an 1100 cow farm for one season, before finding their current variable order opportunity.

“The variable order job has given us more experience in readiness for a 50:50 sharermilking position and allowed us to build our own herd,” says Don.

In their second season, the Watsons negotiated to lease 270 cows to the owner and, this season, it has increased to 500.

With heifers and carryover cows presently out grazing, Don and Kirsten have almost 700 cows for their new 1100 cow 50:50 sharermilking job in Rangitaiki. They considered equity partnerships but opted to apply for 50:50 positions.

The main goal has been equity growth leading to eventual farm ownership.

Their next move to Rangitaiki takes them closer to family. “The boys will get to see their grandparents more, which is important and exciting for us too,” says Kirsten.

“We’re strong on learning. It was stressful that first year with the season not going to budget, and we needed the skills to deal with it. To strengthen our business, we decided to learn more about budgeting and business performance.”

Raising their three young boys on a farm is important to Don and Kirsten Watson, and by concentrating on improving farm business management skills, they are on the road to farm ownership.

Business skills prove a pathway to success
Budgeting skills essential

Don and Kirsten attended a DairyNZ Cashflow Budgeting workshop together.

“The timing was great in autumn, before our second season on the farm, and we both worked on the budget together, so we had buy-in.”

It taught them the fundamentals of putting together a budget, then using it in the business.

Joining a local Progression Group allowed the couple to meet people in similar situations and share experiences. “When you share experiences, you can learn a lot of valuable stuff. People in the group helped us fine-tune our budget and we learnt extra details and easy ways to do things.”

The experience proved so worthwhile, they are part of a specialised Green to Gold business discussion group this season. A focus of Green to Gold is to lower farm working expenses, and monitoring budgets makes a huge difference in this.

“When you have a written strategic plan it seems to happen subconsciously. Monitoring the budget is a bit like that as well,” says Kirsten.

“Don and I discuss the budget monthly, comparing budget versus actual and reforecasting the budget so it is a document that stays current.”

Prioritising goals

Don and Kirsten need strong equity growth to buy a dairy farm.

Their Green to Gold group helped prioritise their goals and decide between equity partnerships and 50:50 sharemilking.

“Our association with a like-minded group has resulted in greater clarity about the steps and plans required to achieve our goals, and drawing from the collective experience of the group has been a big part of our recent personal and business development,” says Don.

With that decision made, they’re excited about their next move to Rangitaiki this June, and the opportunity it provides. “We want our boys to have the sort of skills you get growing up on a farm, to understand stock, and learn a profession that they can always come back to.”

For Don and Kirsten, focussing on business skills has created a more resilient farming business which can handle challenges and underpin their success.

Cashflow Budgeting Workshops

DairyNZ is offering Cashflow Budgeting Workshops nationwide during April and May.

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These two-day workshops give farmers the resources and opportunity to develop their own cashflow budget for 2013-14. For more information and to register for a workshop, visit dairynz.co.nz/cashflow.

DairyBase

Time to take a fresh look at your farm accounts. Make the most of your financial information to help make decisions on-farm and for long-term planning. Contact your local DairyNZ consulting officer, the DairyBase team (07 858 3890) or go online to dairybase.co.nz

Dairy Women’s Network (DWN)

DWN is holding a series of workshops covering how to get the most value from the paid advisors used by your business. For details and to register visit dwn.co.nz or call 0800 DWN R4U (0800 396 748).

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Farm water use examined

BY GORD STEWART | DairyNZ Smart Water Use programme leader

It’s been called our “competitive advantage” or “blue gold”. By any name, freshwater is the basis of our agricultural production. Where would we be as a nation without it?

However, summer droughts, seasonal water shortages and competing demand for the resource mean efficient water use is more important than ever.

A recent DairyNZ water use study on 13 dairy farms saw daily water use in the farm dairy measured for eight weeks during the peak milking season. Nine of the 13 farms also monitored stock drinking water.

Nine herringbone sheds and four rotaries were involved, including herd size ranging from 150 to 930.

Seventy litres per cow/day in the dairy shed has long been used in the industry, for planning purposes (derived from studies as far back as the 1980s and considered peak demand).

We were keen to get a fix on water use with today’s farming practices, relative to this 70 l/cow/day figure.

Study highlights correct installation

One purpose was to learn more about correct meter installation and monitoring, and set-up at one farm actually led to some inaccuracies, so it was excluded from preliminary results.

First lesson: start with appropriate meter(s), properly installed.

Otherwise, just two of the 12 farms averaged above 70l/cow/day over the eight-week period. Three farms were in the 60-65l/cow/day range; four were in the 55-59l range; and the other three considerably lower.

There’s a common belief that rotary systems use more water than herringbones. However, two rotary farms in the study were ranked second and fifth most efficient, in terms of water use per cow.

A third rotary – same size as the two above – ranked twelfth overall. With modern set-up and fixtures, it used considerably more water. Lesson here: for any system, get suppliers and installers to consider water use efficiency in design and install a system that helps meet efficiency goals.

Does herd size count?

Herd size did not appear to be a determining factor either. The three farms with lowest water use per cow had herds near the smallest, mid-range and second largest in the group.

Lessons: shed set-up and day-to-day practices are crucial. Training and monitoring staff in their work pays off. One farm owner said: “it’s amazing how much less water we use when I do the yard wash down!”

Stock drinking water was very weather dependent (as you would expect), with consumption ramping up during any run of hot, sunny days.

All cows must have all the water they need. This means careful attention to the farm water system.

One farm, milking 360 cows and averaging about 15m³ a day for stock water, spiked to 24m³ when a water line elbow, where it enters the trough, was sheared off by the cows.

It was fixed, but blew off the next day taking the meter reading to 56m³ – a new daily record! The lesson (no surprises here): find leaks and fix ‘em fast and for good!

To track water use contact DairyNZ for the new resource Smart Water Use in the Farm Dairy. It includes a one-page worksheet to help estimate water use (in the absence of metering).

Visit dairynz.co.nz/smartwateruse
The brown paddock recovery plan

Given the recent dry conditions across the North Island, now’s the time to think about pasture recovery.

“Pasture is what’s going to fuel your recovery after rain and it will be your main feed for the next 12 months,” says Graham Kerr, technical development manager for Agriseeds and member of the DairyNZ-led Pasture Renewal Leadership Group.

“Dry conditions have dramatically changed the pasture situation on many farms and pasture renewal programmes need to change too.”

Graham says the first step is a farm walk to assess all pastures and divide paddocks into three categories. This information can then be turned into proactive pasture renewal and pasture management plans.

Category one paddocks are the most important – those farmers believe will survive the dry. Category two are those which might survive. Category three are those paddocks obviously past the point of no return and must be re-sown.

Categorising key paddocks

Category one paddocks are the key to drought recovery, because after it rains they are the quickest to start growing grass again. They will allow farmers to feed stock better and start setting up pasture covers for calving.

“Your job with these paddocks now is to give them every chance to recover and persist. If you look after them, they will look after you later on,” says Graham.

Two golden rules apply – don’t graze category one paddocks to bare ground and, after it does rain, don’t rush to graze them.

Graham says there’s a very good reason for not baring pastures out – ryegrass plants store the energy needed for survival and growth above the ground (not below it).

“Even if the pasture is brown, having 3-4cm length is a lot better than having 1cm. That extra length holds the reserves that will power the plants back up and get them growing again, when there is enough moisture available.”

When rain comes, don’t graze too soon when there is just a ‘pick’ of green grass, as putting animals on early can kill it.

Graham says wait until ryegrass tillers have 2.5 leaves before grazing any new growth post-rain (see diagram).

Dealing with possible survivors

“Keep a watch on the possible survivors (category two),” Graham advises.

“You may not know if they’ll survive, so wait until it rains to make a decision on what to do. However, bear in mind the longer it stays dry, the less likely these paddocks will be to survive.”

Paddocks that need resowing

Category three paddocks may have come out of summer crop or have opened up; have less than 50 percent ryegrass cover remaining; contain a high percentage of weeds or have been damaged by insects. These need to be re-sown so that total farm productivity recovers as soon as possible.

Whether farmers opt for undersowing, a winter crop, new pasture or a mix of all three, start talking to your contractor now.

“Get in touch with them as soon as possible. The area of seed drilled will be well up in many regions, so keep them in the loop and let them know your plans well in advance.”
Your mind matters – resilience

BY DR NEELS BOTHA | Senior social scientist, AgResearch

Difficulties on the farm like a drought, personal health changes or ongoing financial issues can be very stressful and even life-changing.

Most people adapt well over time to these situations. They have the ability to “bounce back” after events that disrupt their lives and livelihoods. They have resilience.

Highly stressful events will happen – this can’t be changed. You can change how you respond. Accepting that change is part of living builds your resilience and determines how well you will survive difficult times.

Having a few resilience-building strategies in place can help reduce stress, manage anxiety, and avoid depression.

Look after yourself
Exercise regularly, eat a healthy diet and get enough sleep – these are key foundations for resilience.

Stay connected
Good relationships with others, particularly close family and friends, strengthen resilience. Our connection with the wider community we live in gives us access to collective support in facing continuing challenges.

Decisive action
Planning positive steps to tackle a challenging situation and talking it through with someone will help you deal with anxiety.

When times are stressful you need to give your own needs and feelings attention. Support is there but we need to be willing and open to accepting help. Just having a friendly chat and exploring how we might adapt to the changes we are experiencing is a good place to start.

If you or someone you know is having a tough time coping, visit your GP, contact the Rural Support Trust (rural-support.org.nz or 0800 787 254), Lifeline (0800 543 354) or visit depression.org.nz.

This is a new column covering personal wellbeing that will run in the next few issues.

Dr Botha is part of a long-term Farmer Stress and Wellbeing project, funded by DairyNZ. He has led the research for the last three years and is focusing on developing new tools to support farmers who are coping with stressful situations.
The results from a project focussed on forage crop integration with pasture will be presented to farmers at a field day near Taupo on April 24.

The project is aimed at giving Bay of Plenty (BOP) farmers strategies to reduce the environmental impact of forage cropping, while producing an economic and productive harvest.

DairyNZ BOP regional leader, Sharon Morrell, encourages any farmers planning to plant crops or renew pasture to attend the field day.

“As well as the establishment work, discussions around management of nitrogen (N) and feeding strategies, as well as identification and control of insect pests will feature at the field day,” says Sharon.

This three-year project, now in its second year, is managed by AgResearch and funded by the Ministry of Primary Industries’ Sustainable Farming Fund, DairyNZ and Ballance Agri-Nutrients.

The work covered includes several aspects of managing forage crops, including comparing conventional tillage and sowing practices with direct drilling. The project team is also looking at following the winter forages with deep rooting crops, to make use of the urine-N deposited during winter grazing.

AgResearch land and environment scientist, Dr Gina Lucci, says the management techniques being investigated are relevant to the region’s farmers.

“Browntop grass creeping into pastures is an ongoing issue for Bay of Plenty farmers,” says Gina. “Breaking this cycle by planting a series of crops before pasture re-sowing is an effective way to break the growth cycle of this low producing grass.”

“Our project is also looking at ways to optimise management of forage crops to reduce the environmental impact.

“Eighteen months into a three-year project we can cautiously say that direct drilling can work in the Bay of Plenty soils and climate, and offer potential for savings and other benefits. To be successful, however, farmers must not shortcut the process – good planning and follow-through is essential.”

The establishment trial is being repeated this year to test conclusions under different weather conditions.

The field day starts at 10.30am at Wairarapa Moana Incorporated’s woolshed on Ropiha Rd in Mangakino. For more information visit dairynz.co.nz/events.
A farm near Tokoroa is opening up its gates to the wider community on April 30.

The Dairy Push focus farm, owned by Gavin and Karla Coxon, is used to demonstrate ways profit and environmental performance can be improved on-farm.

Dairy NZ South Waikato regional leader Wade Bell says the day is primarily aimed at local businesses, although everyone is welcome.

“Local businesses will have the opportunity to see how the focus farm is meeting its objectives and how this will in turn benefit the wider community,” says Wade.

For more information on the focus farm visit dairynz.co.nz/events.

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DairyNZ discussion groups will focus on winter management in the next few weeks.

DairyNZ Lower North Island regional leader Kevin Argyle says a dry summer means farmers will need to take stock of where they are in terms of supplementary feed, pasture cover and cow body condition score.

“Given the prolonged dry period, farmers should look to complete an autumn/winter feed budget and also ensure that they have a revised cashflow budget that takes into account any impact the dry weather has had,” says Kevin.

“Discussion groups over the next month will give farmers an opportunity to see how others are faring and gain some tips.”

For more information on discussion groups visit dairynz.co.nz/events.

DairyNZ West Coast consulting officer Ross Bishop says young stock should be top of mind for dairy farmers in the next few months.

It is important to monitor and manage young stock because the weight they put on now will set them up for the future, says Ross.

“If heifers are grazed off-farm then it is a good idea to visit heifers and check their progress and preserve future achievement of target weights.”

DairyNZ discussion groups on the West Coast in April will cover young stock care as well as other autumn management topics.

For more details on discussion groups visit dairynz.co.nz/events.

DairyNZ regional leader for Southland/South Otago, Richard Kyte, is reminding farmers who are preparing to move their stock to think about their effluent management plan.

Richard says there are a number of things that can be done to minimise effluent on roads.

“For example, cows should be moved off green feed for four to 12 hours before the journey and given access to water,” says Richard.

“Meanwhile, reduce the effects of transport stress by supplementing with magnesium for three days either side of the journey – a daily amount of 80-100g elemental magnesium per cow. Transport often causes a significant drop in blood magnesium levels, and late pregnant cows are particularly susceptible.”

The DairyNZ website has a checklist for transporting cows and more information on preparing stock for transport – visit dairynz.co.nz/transportingstock.
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