



2018 / 19

**ANNUAL
REPORT**

— THE SUMMARY —



In your region

Highlights 2018/19

Bay Of Plenty

In response to *Mycoplasma bovis*, a series of workshops were developed to support farmers to protect their businesses. Another highlight was the on-farm effluent field days hosted by farmers for farmers, where various technologies to more effectively manage dairy shed waste were showcased. An on-farm roadshow 'Informative Plan Change 9 Fielddays' helped farmers prepare for upcoming regional plan change requirements and was run in conjunction with BOP Focus on Dairy.

Northland

Extension 350, a long-term farmer learning and extension programme in its third year, has all 10 farmer cluster groups underway in different stages. Extension 350 has given participating farmers the opportunity to go through Mark and Measure (DairyNZ's business course for farmers), providing a real win for the region.

Waikato

DairyNZ has been preparing for the Healthy Rivers Plan Change 1 council hearings and working to assist dairy farmers to prepare and present their individual submissions. Hearings finished in mid-September 2019 and Hearing Commissioners will now make recommendations. The council will release its decision by March 2020. During the year, 240 discussion groups and 50 other events, including six 'Progressing with Profit' field days, were also held.

Taranaki

An initiative to identify farmers with effluent consents coming up for renewal in the next two years has taken place, along with the delivery of fit-for-purpose workshops to inform them of the process and options.

Top of South/West Coast

The Top of South Island now has a DairyBase benchmark, with 20 percent of farms in the region entering information into DairyBase. 2018/19 saw good support and farmer participation in two West Coast Farmers' Forums. A challenge, as well as a highlight, for the region was the exemplary support by and for farmers around the Nelson fires and the drought state of emergency in Golden Bay.

Lower North Island

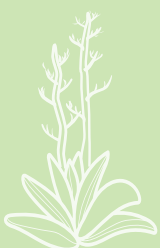
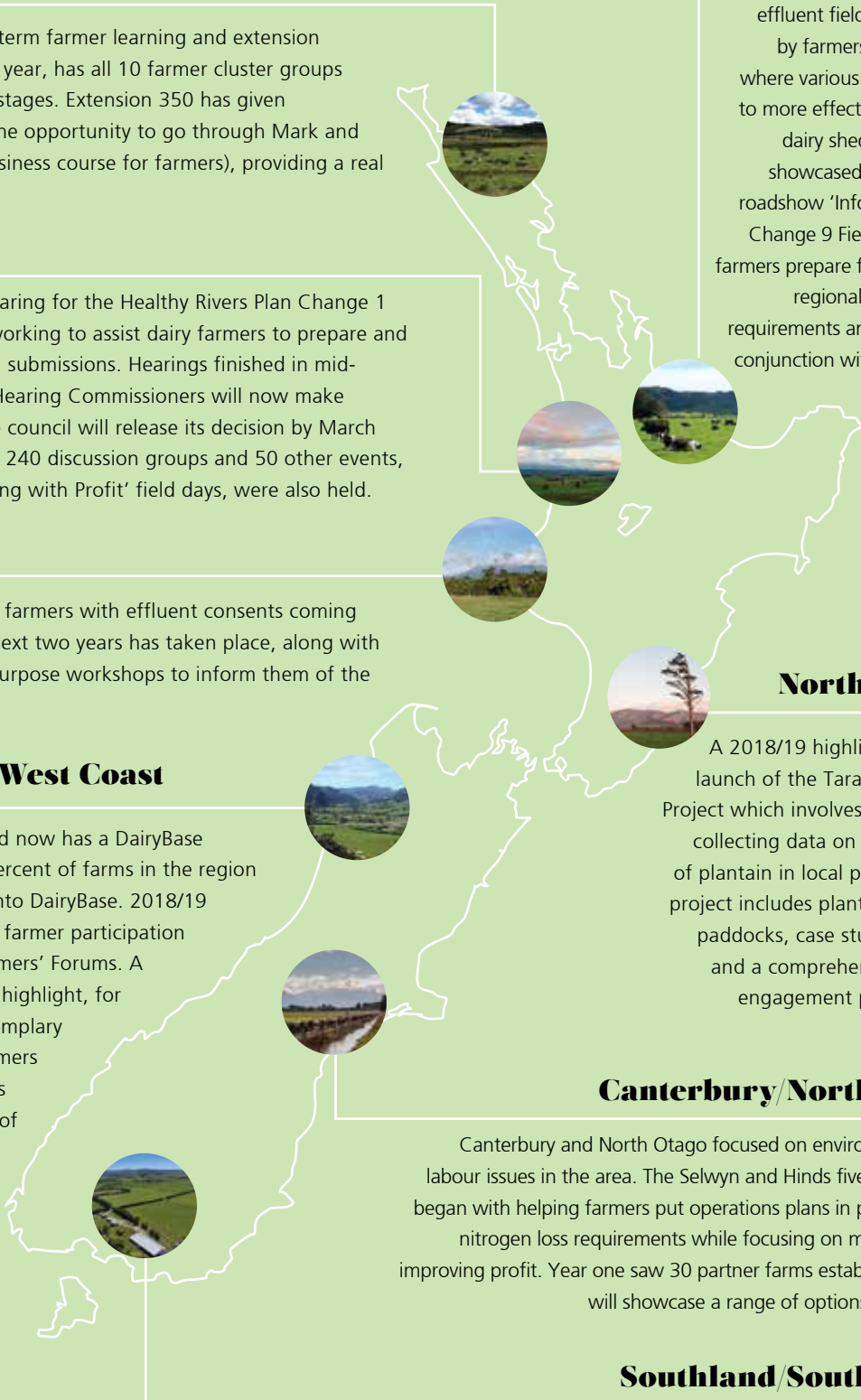
A 2018/19 highlight was the launch of the Tararua Plantain Project which involves researchers collecting data on the benefits of plantain in local pastures. The project includes plantain monitor paddocks, case study farmers, and a comprehensive farmer engagement programme.

Canterbury/North Otago

Canterbury and North Otago focused on environmental and labour issues in the area. The Selwyn and Hinds five-year project began with helping farmers put operations plans in place to meet nitrogen loss requirements while focusing on maintaining or improving profit. Year one saw 30 partner farms established. These will showcase a range of options for farmers.

Southland/South Otago

Southland and South Otago focused on wintering systems, with winter crop research at the Southern Dairy Hub and a range of events. To encourage and promote good wintering practices on-farm initiatives included, seven Smart Wintering events. DairyNZ continues to support the Catchment Group Network, with particular focus on the Aparima Catchment Environment Project.



Dairy year: productive, rewarding, challenging



Jim van der Poel

The 2018-19 dairy season was like so many before – productive and rewarding, peppered with challenges along the way. And if you’re like me, it’s the challenges and how we managed them that linger in my mind at the end of a season.

We are a busy sector – key to New Zealand’s economy, employing thousands in our local communities and one of the world’s best milk producers. But we’re also at the forefront of several new and evolving issues, and it’s our response to these I believe is putting us ahead of the game.

Farmers working for water quality

Protecting water quality is one that continues to be front and centre for us all.

We’ve been on this journey for many years and all the hours and financial investment dairy farmers have made fencing waterways, undertaking riparian planting, protecting wetlands and managing nutrient application shows commitment across the whole sector.

As they often say, we are all in this together. One farmer’s actions multiplied across the sector means big progress for our communities and New Zealand dairy too.

Our Dairy Tomorrow strategy includes

the commitment to protect and nurture the environment for future generations – something which is now business as usual for many dairy farmers.

DairyNZ has invested significantly in research and on-farm studies. Thanks to this, we now know that forage crops, such as plantain, greatly reduce N loss from soils. And that protecting wetlands and critical source areas are key, among many other results.

Representing you with government

There has been significant commitment this year by DairyNZ on *Mycoplasma bovis* management and climate change policies. We are working with government and other industry players to position dairy farmers for the future and help achieve policies based on science, evidence and doing what is right.

We’ve been heavily involved in climate change negotiations with government, representing dairy farmers in the Zero Carbon Bill conversations and establishing how farmers can meet the reduced emissions targets.

Something that has dominated much of my time and thinking is our response to *M. bovis*. This disease has proven to be one of biggest challenges to New Zealand dairy yet – if not the biggest.

We are in the response and working directly with and for farmers. Our

team are here to work with farmers and help manage any issues, as we understand the impact on farmers, farm teams and animals. This response has had a huge impact on everyone involved.

The levy vote

Toward the end of the 2019-20 season, we will also be engaging with you around DairyNZ’s levy vote, which comes around every six years. It’s your opportunity to vote to keep an organisation that works on your behalf across the raft of challenges and opportunities our sector faces. I often ask farmers to think about the challenges ahead and consider if they are better facing those with DairyNZ working for them, or without.

Finally, I’d like to thank firstly our departing director Ben Allomes, who has been with us for eight years and has decided to move on to new things. Ben has made a great contribution to DairyNZ and has always had the best interests of dairy farmers at heart. I am absolutely confident that Ben will continue to play a leadership role in the sector.

And I also thank everyone who contributes to this fantastic industry. Dairy is a great sector to be part of and I look ahead to another prosperous season.

Regards,

Jim van der Poel
DairyNZ chair

In times of change, we've got your back



Tim Mackle

Summarising a year in the life of DairyNZ is a tough one. We're an organisation with so many prongs – so like dairy farmers, our scope has grown far beyond just 'cows and grass'.

Our business reflects the same changes farmers face – encompassing environment, financial resilience, biosecurity, people, policy, public perception of dairy and so much more.

So no longer just focused on research, development and extension, we are now heavily involved in all aspects of the dairy farm business – and everything which could impact it.

This means proposed policy is now one of several key activities for us. We work closely with local and central government, and partners like Federated Farmers, Dairy companies on proposed regulation changes, ensuring those involved with setting the policies know what the impact will be on dairy farm businesses and are working hard to secure workable solutions.

Science informing farming

Your levy is helping develop relevant research and science that can be turned into on-farm actions.

DairyNZ has some of New Zealand's best farm systems and water quality scientists, whose research and on-farm studies are delivering real solutions for dairy farmers. On-farm trials are informing future farming techniques and help identify how proposed policy can be achieved.

In fact, among many highlights from the past year, environmental work is right up there.

First, there's the plantain trials in Taranaki. This work is showing great results through plantain reducing nitrogen (N) leaching and the programme is now being extended not only in the lower North Island but in Canterbury and Southland too.

Like several research programmes we have, it's showing huge promise in supporting farmers to deliver on regulation to reduce N leaching.

Dairy Action for Climate Change (DACC) has also been making great strides in understanding how we

can reduce our farms' emissions. It has built up the capability of rural professionals and 10 farms nationwide have modelled 44 different farm systems, which will inform all farmers of their options.

Levy investment

The DairyNZ levy is all about delivering for farmers. Every staff member is hugely invested in delivering for dairy farmers and driving our sector into the future. That's because DairyNZ is your organisation.

Delivering what dairy farmers want and need, representing them at every level, is our core focus. I'm proud that we deliver value for the levy.

On that note, I wish to thank all our staff and the board for their dedication. I also want to thank farmers – your can-do attitude, willingness to embrace new ways of doing things and your passion for the land, animals and people, are what make our sector so world-leading.

Regards,

Tim Mackle
DairyNZ CEO





DairyNZ **30**
attended over
governance and ministerial sessions

45 DairyNZ
staff involved
in response

Over
500
Claims made through
the DairyNZ Beef +
Lamb NZ Compensation
Assistance Team

Supporting farmers through *Mycoplasma bovis*



NZ's largest
ever biosecurity incursion

100,000 views
dairynz.co.nz's *M. bovis* webpage

DairyNZ continues to be actively involved across the *Mycoplasma bovis* (M. bovis) programme.

Significant work has been undertaken in the past 12 months, the first year of the eradication programme, with hundreds of thousands of tests carried out, including a spring bulk milk testing on every dairy farm nationwide.

DairyNZ staff are assisting farmers and we continue to work closely with the Ministry for Primary Industries (MPI) and Beef + Lamb New Zealand.

Staff involvement

DairyNZ staff range from farm systems experts to communication specialists. We are heavily involved at a governance level in the National Control Centre in Wellington and on the ground in the regions where the team is helping affected farmers, ensuring they receive practical solutions and can keep farming as close to normal as possible.

Compensation assistance

In September 2018, the DairyNZ, Beef + Lamb New Zealand Compensation Assistance Team was established. Managed by DairyNZ, 17 rural professional contractors assisted with

over 535 claims. Farmers using this free service have had their claims paid out (on average) seven working days faster than those not using the service.

Independent review

In April, MPI announced a backlog of risk animal movements. Following the discovery, DairyNZ commissioned an independent disease management expert to review the cause and effects of the backlog. The review identified many areas for improvement and DairyNZ continues to work closely with MPI to ensure recommendations from the review are followed through. The full review report is available at dairynz.co.nz/mbovis.

Biosecurity Response Levy

In February, DairyNZ consulted with farmers about a new biosecurity levy on milksolids needed to fund the dairy sector's contribution to the *M. bovis* response. We asked farmers whether they supported DairyNZ managing the biosecurity levy and representing them in biosecurity decision-making.

We received 1794 submissions with 61 percent supportive of DairyNZ managing the levy on behalf of farmers, and raising the maximum cap

to 3.9c cents per kilogram of milksolids per year.

The Biosecurity Response Levy, set at 2.9c/kg milksolids will be in place in September 2019.

[/dairynz.co.nz/mbovis](http://dairynz.co.nz/mbovis)

Investment in TB pays off

Investment in bovine tuberculosis (TB) eradication is working. Since 1996, the number of infected dairy herds has dropped from 230 to just 11.

DairyNZ is the majority investor in TBfree's national TB control programme which aims to control the spread of TB through disease management – detecting TB within herds through an extensive testing programme.

It also carries out wild animal (vector) control to eliminate TB from wildlife, particularly possums as the main carriers and transmitters of TB to farmed cattle and deer. This work covers movement control, minimising the risk of infection being spread between herds.

[/dairynz.co.nz/tb](http://dairynz.co.nz/tb)

Representing farmers on climate change



Over the last year, climate change has been a significant work programme for DairyNZ, as we work on behalf of farmers to ensure dairy's perspective is heard by policymakers.

With the introduction of the Zero Carbon Bill and the Interim Climate Committee report on the pricing of agricultural emissions, DairyNZ has played a key role in engaging with government officials.

In December 2018, DairyNZ launched the Biological Emissions Reference Group (BERG) report, along with other agricultural sector organisations and government agencies. The report summarises the opportunities to reduce biological greenhouse gas emissions from New Zealand agriculture, and the costs, benefits and barriers to their use.

Dairy Action for Climate Change

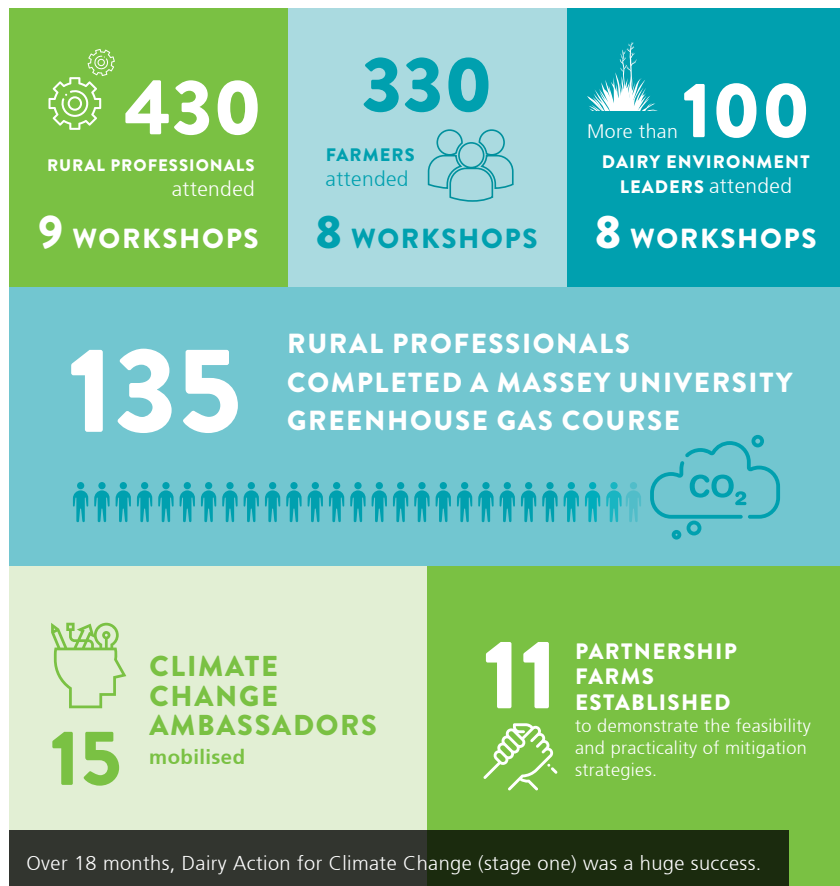
DairyNZ completed stage one of Dairy Action for Climate Change (DACC).

This 18-month work programme launched in June 2017 and includes commitments to build capability of rural professionals through training courses, raising the awareness of farmers and undertaking dairy farm greenhouse gas pilot case studies.

Ten farms across New Zealand took part in the Partnership Farm Project, modelling 44 different farm systems.

The DACC work identified one clear message – that every farm is different and there isn't a 'one-size-fits-all' package of changes every farmer can use. However, they can learn from case studies to compare what might be possible on their farm.

[/dairynz.co.nz/climatechange](http://dairynz.co.nz/climatechange)



Farm Gauge – a tool to help lift on-farm performance

In response to feedback from farmers, DairyNZ’s Farm Gauge was further enhanced in 2018/19. The self-assessment tool can now be accessed from anywhere at any time with results now more easily shared among others in the farm team.

DairyNZ’s Farm Gauge is an online tool that allows dairy farmers to assess areas of the farm system: strategy, feed, finance, health, safety and wellbeing, herd management, people, environment and infrastructure. It identifies areas where time and resources are best invested and links users to advice and information to support them in taking the next step.

Rural professionals are also using Farm Gauge alongside their clients, allowing more informed and in-depth conversations.

South Waikato dairy farmers Marc and Nia Jones say Farm Gauge has helped



clarify exactly where they need to grow.

“Farm Gauge has brought huge value to our business,” says Marc. “The first time we used it I thought we’d found gold. We’ve used it to find our weaknesses and understand our strengths. I don’t know why you wouldn’t use it.”

[/ dairynz.co.nz/farmgauge](http://dairynz.co.nz/farmgauge)

By the numbers

795 dairy farmers used Farm Gauge in **2018-19**



of surveyed farmers said they have been **prompted to act** after using Farm Gauge



Feed and **strategy** are the most popular sections



DairyNZ’s Farm Gauge tool is most powerful when shared with others. In a recent survey of Farm Gauge users **70 percent** said they shared their results with someone else.

Tiller Talk

The first round of DairyNZ’s Tiller Talk programme wrapped up at the end of 2018/19 after two years. The programme has provided like-minded dairy farmers with a forum to share and trial new ideas and access timely tools and information to improve their bottom-line through better pasture management.

The programme followed 17 key farmers throughout the country. They hosted four to six small, closed, on-farm



The Tiller Talk field day in Marton.

workshops each year, facilitated by a local agronomist. These workshops focused on the principles of ryegrass growth and management, as well as other strategic factors that can affect pasture yield and quality.

Each of the key farms was joined by neighbouring farmers who participated in discussion and helped provide their perspective on different issues.

[/ dairynz.co.nz/tillertalk](http://dairynz.co.nz/tillertalk)

Supporting farmers to improve environmental outcomes

At a time when meeting national and regional pressure has never been greater, levy funding is helping turn science into effective action by farmers to meet environmental obligations.

DairyNZ is assisting farmers to determine effective mitigations to reduce the contaminants entering waterbodies, and ensure their

performance is recognised in farm nutrient budgets.

Levy funding is also being used to better define the relationship between the slimes (periphyton) that grow in streams and rivers and the other variables influencing their growth. This is important as councils nationwide are required to manage nuisance growths.



Targeted support for priority catchments

In upper Manawatu, many dairy farms are faced with reducing nitrogen (N) leaching by an average of 60 percent to meet Horizons Regional Council One Plan targets.

The Tararua Plantain Project, launched in 2018, sees a new approach by DairyNZ to fast-track the development of solutions through simultaneous research. DairyNZ scientists are working with local farmers on this project.

It is one of three catchment-specific projects helping farmers reduce their farm's environmental footprint. Similar projects have also been launched in Canterbury through a farm-systems focus, and Southland where Farm Environment Plans are helping farmers to target the most pressing environmental challenges.

[/dairynz.co.nz/tararua](http://dairynz.co.nz/tararua)



The Vision is Clear movement

In November 2018, DairyNZ launched The Vision is Clear, a dairy-led national campaign to motivate all New Zealanders to play their part in improving water quality.

The movement started with a bang and during seven months of 2018/19 positive stories, from all walks of life and a variety of sectors, celebrated Kiwis' actions to look after waterways.

Radio, print and online video, along with emotive and engaging advertising drew attention and generated conversations, and engagement with the web hub – leading to 250,000 people visiting the Vision is Clear website.

Two promotions, Pledge and Win and The Clear Favourite, generated thousands of responses – people sharing what they are doing to look after waterways and celebrating their favourite rivers, lakes and beaches.

Throughout the movement, the Vision is Clear raised awareness about the work of dairy farmers to look after their waterways. After only five months in market (at March 2019), The Vision is Clear achieved an improved result in the way public view dairy.

Developing farm teams

Immigration

During the year, DairyNZ worked closely with Government on proposed policy changes affecting access to potential employees from overseas. We talked with many farmers reliant on employees from overseas to understand the challenges of the current and proposed system, hear their concerns and feed that back to Government as part of policy discussions.

Improving farm work environments

DairyNZ refreshed the Workplace Action Plan with the help of Dairy Women's Network, Federated Farmers and the New Zealand Young Farmers. Together, we continue to work closely with dairy companies to support improved workplaces on dairy farms, including addressing hours of work and ensuring conditions line up with international customer expectations. DairyNZ is investing in future workplace design and more research into strategies such as variable milking intervals.

Attracting talent

DairyNZ worked with Young Farmers and other primary sector organisations on programmes to increase awareness of the rewarding career opportunities in dairy. This included four NZ Careers Expos, seven Teachers' Days Out, a Year 13 Careers Day at DairyNZ's Lye Farm, and participation in the Careers and Education Hub at National Fieldays.

[/ dairynz.co.nz/people](https://dairynz.co.nz/people)

Connecting with farmers at events

People Expo 2019

The DairyNZ People Expo, held in Canterbury in March, attracted more than 120 farmers and rural professionals interested in better people management. Speakers shared tips and tools for improving communication, creating flexibility and prioritising people to improve employee retention, satisfaction and performance. Attendees said they would be most likely to make changes to better communication through regular structured meetings, moving to hourly pay schedules and being more flexible with rosters.

National Fieldays 2019

Fieldays is always an exciting platform to connect with farmers and members of the public. The main DairyNZ site encouraged farmers in for a chat to learn about Farm Gauge and to take part in the Dairy Mastermind quiz. DairyNZ was also involved in the Education and Careers and Health and Wellbeing hubs, and Rosie entertained at the Ag Heritage Village and on the main stage.



Fonterra Dairy Woman of the Year, Trish Rankin, and her sons Harry, Patrick, Tom and Charlie presented Prime Minister Rt. Hon. Jacinda Ardern with Rosie Rocks.

Farmers' Forum 2019

The annual Farmers' Forum went to the regions with events in Timaru, Westport, Rongotea, Stratford, Whangarei and Rotorua. The theme 'future perspectives – local and global impact' gave insight into dairy's future through science, technology and speakers. Regionally tailored workshops and snapshots of the latest dairy science were a particular highlight.

South Island Dairy Event (SIDE) 2018

DairyNZ is a proud partner and sponsor of SIDE, a forum that facilitates farmer-to-farmer learning, knowledge transfer and social interactions. More than 400 people gathered in Dunedin where industry experts, networking sessions, inspiring keynote speakers and over 20 practical workshops addressed the 2018 theme 'It starts with us'. The theme acknowledged the challenge to reach further and set higher standards, being open to technology and innovative solutions, having the ability to bring teams on our journey of growth, support and celebrate successes, and take pride in dairy and our communities.

MilkSmart

The focus for MilkSmart 2018/19 was working directly with rural professionals on delivering information and advice directly to farmers by way of closed discussion groups. Farmers have engaged with it overwhelmingly - and not only to save money, but also improve working hours for their employees and create more attractive workplaces.

[/ dairynz.co.nz/events](https://dairynz.co.nz/events)



dairy tomorrow

THE FUTURE OF NEW ZEALAND DAIRYING

DAIRY TOMORROW IS OUR STRATEGY AND ROADMAP TO THE FUTURE

Launched in November 2017 by partners representing the dairy sector – DairyNZ, Dairy Women’s Network, Federated Farmers and Dairy Companies Association of New Zealand – the strategy encompasses the sustainability of dairy farming, and has six key commitments:

- 1 PROTECTING AND NURTURING THE ENVIRONMENT**
- 2 BUILDING COMPETITIVE AND RESILIENT FARM BUSINESSES**
- 3 PRODUCING THE HIGHEST QUALITY AND MOST VALUED DAIRY NUTRITION**
- 4 BEING WORLD LEADING IN ON-FARM ANIMAL CARE**
- 5 BUILDING GREAT WORKPLACES FOR NEW ZEALAND’S MOST TALENTED WORKFORCE**
- 6 GROWING VIBRANT AND PROSPEROUS COMMUNITIES.**

EXAMPLES OF DAIRY TOMORROW PRINCIPLES IN ACTION

- DairyNZ is working closely with Federated Farmers, Dairy Women’s Network and New Zealand Young Farmers on work environment and skills issues. The ‘New Workplace Design’ project is creating a bold vision of future dairy farming workplaces using a co-development approach with farmers and taking inspiration from ICT and other knowledge sectors. The design-thinking approach has led to six innovative ideas for testing in 2019/20.
- A bold commitment to achieve world-leading animal care goes beyond the minimum standards required by New Zealand’s general public and our customers.
- Collaboration with the Ministry for Primary Industries, other primary sector groups and regional councils is developing an integrated approach to farm planning and assurance that will support farmer change and provide confidence to stakeholders.

[VISIT DAIRYTOMORROW.CO.NZ](https://www.dairytomorrow.co.nz)

Highlights & looking ahead



COMMITMENT 1

WE WILL PROTECT AND NURTURE THE ENVIRONMENT FOR FUTURE GENERATIONS

2018/19 DAIRYNZ HIGHLIGHTS

CATCHMENT-SCALE CHANGE FOR WATER QUALITY IMPROVEMENT

DairyNZ has worked to establish three farmer-led, catchment-scale environmental change projects to support farmers to meet environmental outcomes, while ensuring their businesses remain profitable and resilient. Farmers in the Aparima catchment (Southland) are implementing farm plans and good farming practice principles to lead and demonstrate improvements in river water quality and estuarine health. In the Selwyn-Hinds (Canterbury) catchments farmers are co-developing farm system solutions to meet a 36 percent reduction in baseline nitrogen loss. Farmers in the Tararua catchment are adopting plantain to reduce nitrogen loss, maintain business viability and demonstrate action towards water quality improvement. These case studies will provide significant learnings for farmers in other regions.

UNDERSTANDING OUR FOOTPRINT

DairyNZ water quality scientists developed a nutrient accounting framework to help understand dairy environmental footprint. This can now be used to help dairy develop and understand the impacts of different policy solutions at catchment and regional scales.

GREENHOUSE GASES

Stage one of the Dairy Action for Climate Change plan is complete, including roadshows, workshops and training for farmers and rural professionals to build awareness of climate change issues and mitigation options. This also includes the establishment of partnership farms to understand mitigation opportunities in the context of productivity and profitability. DairyNZ continues to advocate for farmers through the Zero Carbon Bill process.

2019/20 LOOKING AHEAD

CATCHMENT WATER QUALITY CASE STUDIES

DairyNZ will focus on further delivery of the three catchment-scale change pilots established in 2018 to drive and demonstrate viable options for on-farm change for water quality improvement at pace and scale (Tararua, Selwyn-Hinds and Aparima). Year two is focused on achieving greater levels of engagement and uptake with farmers in each catchment, including progress towards improved farming practices and system changes across more farms.

WATER QUALITY POLICIES

New national policies and regulations to improve freshwater management are expected to be announced by government later this year. DairyNZ science, economic and policy teams will continue to work to understand implications and respond with dairy sector views.

TRANSITION OF WATER ACCORD TO DAIRY TOMORROW

A new metrics and reporting framework will be established and implemented to transition the Sustainable Dairying: Water Accord and deliver on Dairy Tomorrow's Commitment 1 water quality goals. This will be aligned to good farming practice principles and farm environmental plans.

GREENHOUSES GASES

DairyNZ will lead efforts to respond to the Zero Carbon Bill through the policy development process as well as establishing an implementation plan to support farmers to prepare and work towards meeting future targets.

WATER QUALITY SCIENCE AND POLICY

DairyNZ continues to support farmers through several regional council plan changes, including significant limit-setting processes in Southland, Waikato and Northland. Research on water quality has been undertaken to support an evidence-based approach to policy development, and develop and test on-farm tools for farmers to meet limits.



COMMITMENT 2

WE WILL BUILD THE WORLD'S MOST COMPETITIVE AND RESILIENT DAIRY FARMING BUSINESSES

2018/19 DAIRYNZ HIGHLIGHTS

FARM ASSESSMENT AND PLANNING

DairyNZ has supported 715 farmers to analyse their businesses using a suite of farm assessment and planning tools including Farm Gauge (an online tool), farm assessment and planning discussion groups, and Mark and Measure (a three-day intensive course). Benchmarking has been used extensively in all approaches. Farmers have benefited through understanding performance gaps in the context of their goals and obligations, and supported with opportunities to develop and implement their action plans.

DAIRYNZ SUPPORTING FARMERS

4330 farms (25,317 people) participated in DairyNZ events including field days, discussion groups, specialist groups, workshops and forums. There was an 18 percent increase in engagement via our social media channels, which now reach 39,490 people. There were over 2.5 million page views on the DairyNZ website and 636,000 views of DairyNZ videos which have become one of the most effective engagement channels.

BIOSECURITY

With the Ministry for Primary Industries, DairyNZ continued to support farmers impacted by *Mycoplasma bovis*. Operating and cost share agreements were developed and signed off with Government.

RESEARCH HIGHLIGHTS

Fertility project

Dairy cow fertility project herds finished their second lactation with results very consistent with the first lactation. The high fertility Breeding Value herd had a three-week submission rate of 87 percent and 88 percent in the first and second lactation, compared with the low fertility herd results of 49 percent and 63 percent.

Six-week pregnancy rates were 30 percent greater in the high fertility herd compared with the low fertility herd for lactation one and two. The differences in reproductive performance are greater than suggested by the difference in the fertility breeding value which predicts a 10 percent difference in re-calving rate after six weeks of calving. Understanding the reason for the size of these differences and the implications (if any) for Breeding Worth is a priority for 2019/20.

Forages for Reduced Nitrate Leaching

The Forages for Reduced Nitrate Leaching programme is nearing completion, with important work being done with Overseer to ensure science results are incorporated in this important tool and farmers can better judge the impact of new management practices and get credit for them.

Ryegrass breeding

The levy investment in ryegrass breeding technology continues to show good progress. Genomic selection methods developed in Pastoral Genomics are providing sufficient accuracy to be useful in speeding up the pre-selection breeding programmes. The F1 hybrid ryegrasses developed by DairyBio are showing encouraging results in early field trials in New Zealand and Australia. Field trials in the US with the high-lipid, high yield GM ryegrass with AgResearch are producing encouraging results particularly with the lipid trait which will be crucial for methane reduction.



2019/20 LOOKING AHEAD

INTEGRATED FARM PLANNING FRAMEWORK

Work will continue to bring together the on-farm aspirations of Dairy Tomorrow into one framework that simplifies the goals and expectations across animals, people, environment and business performance. The aim is to support farmers through a consistent planning and reporting approach.

FARMING WITH CONFIDENCE

DairyNZ will initiate a significant integrated project to ensure farmers have the support they need to successfully manage their way through changes required to meet national environmental (water quality and GHG) requirements, while achieving farm performance goals.

Investment in Maori farm business development will increase through expansion of the cluster farms project in the Bay of Plenty.

BIOSECURITY

Alongside on-going support with *M. bovis*, DairyNZ will develop a framework for a biosecurity on-farm change programme to safeguard the risk and impacts of further incursions over the long-term, including traceability.

RESEARCH PLANS

Forage Value Index

The Forage Value Index (FVI) validation trial will complete year two. After a drought disrupted

year one, results will be closely examined by the research team, the seed industry and farmers to build confidence in the trial design and management. This is vital to ensure trial results at the end of three to four years are genuine, along with any implications for the scaling up of plot trial data to farm systems that the FVI relies on.

Low N research

The Low N Livestock programme will complete its second season of field measurements of urine concentration and milk urea nitrogen (among a raft of data). Results will reveal the extent to which selecting cows on the basis of low milk urea N is a tool to manage N leaching.

Heifer study

Field scale data collection of puberty from over 5000 heifers nationwide will be completed. This is the first step in testing the role of heifer puberty as an early predictor of cow fertility.

New Zealand Animal Evaluation Ltd (NZAEL)

Important projects underway in 2019-20 include the final stages of the Dairy Industry Good Animal Database (DIGAD) build, with CRV Ambreed and the breed societies both connected directly to DIGAD. Development of a model for the future of genomic information in the National Breeding Objective and Breeding Worth will also take place, along with development of an InfoHerds concept for improving the data quality underpinning Breeding Worth.



COMMITMENT 3

WE WILL PRODUCE THE HIGHEST QUALITY AND MOST VALUED DAIRY NUTRITION

This commitment is a responsibility of the dairy supply companies involved in the Dairy Tomorrow strategy.

Initiatives to support this commitment will be led by the dairy companies and supported by achievements in several of the other commitments.



COMMITMENT 4

WE WILL BE WORLD LEADING IN ANIMAL CARE

2018/19 DAIRYNZ HIGHLIGHTS

FARMERS DEFINE WORLD-LEADING CARE

Fifteen farmers in the central North Island and Canterbury have been helping develop a description of what world-leading animal care looks like when implemented on-farm. The definition of world-leading was developed by experts in animal welfare, farmer views and the New Zealand general public's views.

CHANGING DISBUDDING PRACTICES

There has been a positive change in farm practices for managing tails and disbudding. Farms carrying out routine tail shortening (third vertebrae) have reduced from 28 percent in 2015/16 to seven percent in 2018/19. Farms providing local anaesthetic prior to disbudding has increased from 45 percent (2015/16) to 75 percent (2018/19) ahead of regulation change in October 2019.

BOBBY CALF PROJECT

The first phase of a project to identify the options to reduce reliance on the bobby calf industry was completed with a range of solutions being identified. These will now be developed into a strategy and a plan for implementation.

2019/20 LOOKING AHEAD

FARM PILOT

A world leading framework that ensures every animal is valued and treated with care and respect will be piloted with 50 farms across New Zealand before wider implementation.

WORKSHOPS AND EVENTS

DairyNZ will continue to engage with a wide range of organisations to focus on supporting the dairy sector to achieve good animal care outcomes. The emphasis will be on wintering, provision of shade and shelter, pain relief and general husbandry skills. Farmers will be able to attend Smart Wintering workshops to help implement good practice management over the dry period, followed by CalvingSmart workshops to help the whole team get ready for the new season.

BOBBY CALF ALTERNATIVES

We will work with primary sector partners to develop viable alternatives to bobby calves.

SMART WINTERING

1063 farmers and rural professionals took advantage of the support available to achieve good practice in managing cows on winter crops and calving management through Smart Wintering and CalvingSmart events.





COMMITMENT 5

WE WILL BUILD GREAT WORKPLACES FOR NEW ZEALAND'S MOST TALENTED WORKFORCE

2018/19 DAIRYNZ HIGHLIGHTS

WORKPLACE DESIGN PROJECT

The new workplace design project was established supporting farmers to work with researchers and experts in and beyond the dairy sector to design great dairy workplaces for 2030. The approach is based on co-design with farmers to identify workplace initiatives to both improve today and invest in tomorrow.

MILKING INJURIES STUDY

DairyNZ and Worksafe worked together to study what causes high levels of milking-related injuries. The project determined common causes and links between injuries, facility design and management practices.

IMMIGRATION CHANGES

DairyNZ worked closely with farmers and government agencies to respond to significant policy reviews relating to changes that will impact the immigrant workforce and the vocational education and training sector.

SECTOR LEADERSHIP

Investment in leadership programmes delivered through the Agri-Women's Development Trust and New Zealand Rural Leaders Trust (Kellogg and Nuffield) helped develop the next generation of sector leaders.



COMMITMENT 6

WE WILL HELP GROW VIBRANT AND PROSPEROUS COMMUNITIES

2018/19 DAIRYNZ HIGHLIGHTS

THE VISION IS CLEAR

In November, DairyNZ launched The Vision is Clear: Let's Improve our Waterways, a movement that aims to share how Kiwis – rural and urban – value the water, inspiring them to join a nationwide movement where every New Zealander is looking at the actions they can take to improve our rivers, streams, lakes and beaches.

2019/20 LOOKING AHEAD

THE VISION IS CLEAR – YEAR TWO

Year two of The Vision is Clear: Let's Improve our Waterways movement aims to inspire action throughout New Zealand by increasing our reach and making sure the movement endures. We want to see people taking action to improve water quality at a large scale.

2019/20 LOOKING AHEAD

PRIMARY SECTOR SKILLS SYSTEM

Development will continue on a primary sector skills system which delivers training in a way that meets the needs of farmers and their staff, and supports the dairy workforce to obtain the skills needed to deliver on the outcomes of Dairy Tomorrow. A skills-needs analysis will be carried out to ensure training addresses the right skill gaps.

MILKING INJURIES

A suite of projects which address current concerns with milking-related injuries, boost efforts to reduce hours of work through more flexible milking routines, and design the future dairy workplace will enter the second year of development.

DEVELOPING LEADERS

DairyNZ will continue to invest in developing the future leaders of the dairy sector through well-established programmes and lift our focus on supporting farmer leadership of on-farm teams.

Financials

Statement of Comprehensive Income

For the year ended 31 May 2019

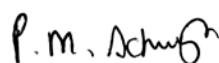
In thousands of New Zealand dollars

	Consolidated		Parent	
	2019	2018	2019	2018
Continuing operations				
Revenue and other income	86,013	83,196	71,287	71,533
Operational expenses	(85,389)	(86,669)	(70,916)	(72,493)
Profit/(loss) before finance activities	624	(3,473)	371	(960)
Finance income	289	369	4	7
Finance expenses	(9)	-	-	-
Net finance income	280	369	4	7
Profit/(loss) before income tax	904	(3,104)	375	(953)
Tax expense	-	-	-	-
Profit/(loss) for the period	904	(3,104)	375	(953)
Other comprehensive income				
Net change in fair value of available for sale financial assets	(362)	(262)	-	-
Income tax on other comprehensive income	-	-	-	-
Other comprehensive income for the period, net of income tax	(362)	(262)	-	-
Total comprehensive income/(loss) for the period	542	(3,366)	375	(953)



J VAN DER POEL, CHAIRMAN

31 July 2019



P SCHUYT, DIRECTOR

31 July 2019

Statement of Changes in Equity

For the year ended 31 May 2019

In thousands of New Zealand dollars

Consolidated

	CONTRIBUTION BY OWNERS	INVESTMENT FAIR VALUE RESERVE	RETAINED EARNINGS	TOTAL EQUITY
Balance as at 1 June 2017	33,783	530	12,890	47,203
Total comprehensive income for the period				
Profit/(loss) for the period	-	-	(3,104)	(3,104)
Other comprehensive income				
Net change in fair value of available for sale financial assets	-	(262)	-	(262)
Total other comprehensive income	-	(262)	-	(262)
Total comprehensive income for the period	-	(262)	(3,104)	(3,366)
Balance as at 31 May 2018	33,783	268	9,786	43,837
Balance as at 1 June 2018	33,783	268	9,786	43,837
Total comprehensive income for the period				
Profit/(loss) for the period	-	-	904	904
Other comprehensive income				
Net change in fair value of available for sale financial assets	-	(362)	-	(362)
Total other comprehensive income	-	(362)	-	(362)
Total comprehensive income for the period	-	(362)	904	542
Balance as at 31 May 2019	33,783	(94)	10,690	44,379

In thousands of New Zealand dollars

Parent

	CONTRIBUTION BY OWNERS	INVESTMENT FAIR VALUE RESERVE	RETAINED EARNINGS	TOTAL EQUITY
Balance as at 1 June 2017	33,783	-	(18,004)	15,779
Total comprehensive income for the period				
Profit/(loss) for the period	-	-	(953)	(953)
Other comprehensive income				
Total other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	(953)	(953)
Balance as at 31 May 2018	33,783	-	(18,957)	14,826
Balance as at 1 June 2018	33,783	-	(18,957)	14,826
Total comprehensive income for the period				
Profit/(loss) for the period	-	-	375	375
Total comprehensive income for the period	-	-	375	375
Balance as at 31 May 2019	33,783	-	(18,582)	15,201

Statement of Financial Position

As at 31 May 2019

In thousands of New Zealand dollars	Consolidated		Parent	
	2019	2018	2019	2018
Assets				
Property, plant & equipment	22,229	22,752	-	-
Intangible assets	4,880	5,091	-	-
Biological assets - livestock	1,398	1,325	-	-
Investment in subsidiaries	-	-	34,865	35,272
Investment in associates	4,821	5,042	4,805	5,029
Other investments	1,446	1,808	-	-
Total non-current assets	34,774	36,018	39,670	40,301
Cash and cash equivalents	15,744	18,966	626	89
Inventories	112	101	-	-
Trade and other exchange receivables	7,740	334	3,903	-
Trade and other non-exchange receivables	3,881	6,902	3,881	6,902
Total current assets	27,477	26,303	8,410	6,991
Total assets	62,251	62,321	48,080	47,292
Members' funds				
Contribution by owners	33,783	33,783	33,783	33,783
Investment fair value reserve	(94)	268	-	-
Retained earnings	10,690	9,786	(18,582)	(18,957)
Total members' funds	44,379	43,837	15,201	14,826
Liabilities				
Employee entitlements	334	348	-	-
Total non-current liabilities	334	348	-	-
Trade and other payables	13,885	14,871	31,983	31,759
Deferred income	1,188	796	896	707
Employee entitlements	2,465	2,469	-	-
Total current liabilities	17,538	18,136	32,879	32,466
Total liabilities	17,872	18,484	32,879	32,466
Total members' funds and liabilities	62,251	62,321	48,080	47,292

Statement of Cash Flows

For the year ended 31 May 2019

In thousands of New Zealand dollars	Consolidated		Parent	
	2019	2018	2019	2018
Net cash from/(used in) operating activities				
Cash provided from:				
Dairy industry good levies	67,458	66,479	67,458	66,479
Other funding	13,856	20,569	2,951	8,218
	81,314	87,048	70,409	74,697
Cash applied to suppliers and employees	82,430	86,511	67,570	73,076
Net cash from/(used in) operating activities	(1,116)	537	2,839	1,621
Net cash from/(used in) investing activities				
cash provided from sales of assets, investments and livestock	230	1,093	-	-
cash applied to purchase of assets, investments and livestock	2,336	3,379	2,302	2,297
Net cash from/(used in) investing activities	(2,106)	(2,286)	(2,302)	(2,297)
Net cash from/(used in) financing activities				
Net cash from/(used in) financing activities	-	-	-	-
Net increase/(decrease) in cash balances	(3,222)	(1,749)	537	(676)
Cash balances at beginning of period	18,966	20,715	89	765
Closing cash balances	15,744	18,966	626	89

DairyNZ's purpose

DELIVERING A BETTER FUTURE FOR FARMERS

**dairy
tomorrow**

The future of New Zealand dairying.

DAIRYTOMORROW.CO.NZ



Sector at a glance

Cows
..... 

4.946

MILLION
MILKING COWS

(down 46,609 cows from
the previous season)

1.88

BILLION KG
OF MILKSOLIDS

Processed by dairy
companies in 2018/2019
(increase of 2.4% on the
previous season)




Farms
.....

153ha

average farm size
(effective ha)



435

average herd size
(up 4 cows per herd)

Statistics for the 2018/19 dairy season.

VISIT DAIRYNZ.CO.NZ FOR MORE INFORMATION



DairyNZ – your levy in action

We invest dairy farmers' money into a wide range of programmes, guided by the dairy sector strategy.

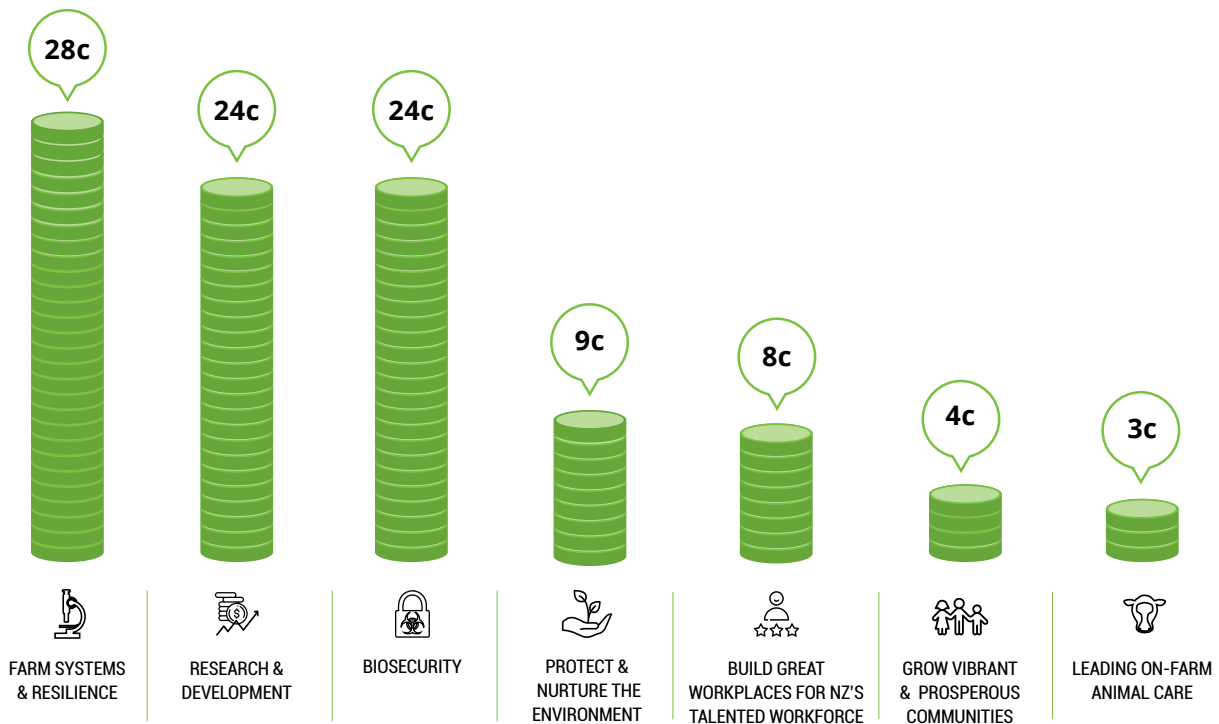
In 2018/19, a total of \$67.8 million was collected through the milksolids levy, plus DairyNZ received government co-funding.

Our work includes research and development to create practical on-farm tools, leading on-farm adoption of good practice farming, promoting careers in dairying and advocating for farmers with central and regional government.

2018/19 levy and co-funding investment by objective

2018/19 funding under the sector strategy, Dairy Tomorrow.

For every \$1 of DairyNZ investment:



2019/20 DairyNZ investment commitments

2019/20 funding under the commitments in the sector strategy, Dairy Tomorrow.

Commitment	FORECAST SPEND
Protect and nurture the environment	\$6.9m
Building competitive and resilient dairy farming businesses	\$58.7m
World leading in on-farm animal care	\$2.9m
Build great workplaces for New Zealand's most talented workforce	\$6.5m
Help grow vibrant and prosperous communities	\$2.4m

Download the full Annual Report at dairynz.co.nz/annualreport or phone 0800 4 324 7969.

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