



Annual Report 2021/22



Partnering with you to deliver value for dairy farmers

DairyNZ exists to deliver a better future for dairy farmers. This underpins everything we do, and is at the core of our organisational strategy, launched in 2020. We are focusing our effort on the big issues, and what matters most to farmers, ensuring our services are relevant and accessible, and that we engage and listen well.

Our new strategy has been in place for one year, and there has been some exciting progress, and some challenges working for farmers across our five focus areas.

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Our focus areas


1 Increase profit and reduce environmental footprint by 2025 while caring for animals on-farm

- ▶ DairyNZ partnered with farmers to ensure they were able to respond to a review of the existing code of welfare for dairy cattle by the National Animal Advisory Committee, released as a draft for public consultation this year. We also created a template to help farmers make a submission, which was downloaded 764 times from the DairyNZ website.

 **764** downloads of the submission template

- ▶ DairyNZ has been working hard to keep farmers out of the Emissions Trading Scheme (ETS) through the Primary Sector Climate Action Partnership He Waka Eke Noa (HWEN). DairyNZ engaged with more than 3000 farmers through events, roadshows, online and in person on HWEN, and 2111 submissions of feedback were made on the two emissions pricing options developed.


 DairyNZ led the delivery of **63** events for farmers on He Waka Eke Noa


 **2,111** submissions of feedback on the emissions pricing options

2 Develop future farm systems and sector scale solutions

- ▶ In the National Breeding Objective review, farmers asked for more importance to be placed on udders in animal evaluation. DairyNZ's partnership with farmers to advocate on this issue resulted in Udder Overall being introduced in April this year as a ninth trait to Breeding Worth. This has helped farmers to lower costs associated with cows with poor udders by breeding cows with better udder quality.


- ▶ DairyNZ is involved in several research farms across New Zealand, ensuring solutions are developed that are relevant and adoptable for farmers. This includes partnerships with Dairy Trust Taranaki, Southern Dairy Hub and Northland Dairy Development Trust.

 **90%** of farmers surveyed in the National Breeding Objective noted udders as a key trait they wanted to see included in Breeding Worth TOP (Traits Other than Production) traits.

 **16** critical levy funded research projects, including Forages for Methane Reduction, Driving Forage Value, Animal-centric Farm Systems, Future Methane Solutions and Sustainable use of fodder beet.

3 Build capability of people on-farm

- ▶ DairyNZ is committed to ensuring our suite of products and services suits farmer need, which is why we have audited our service offering. Whether it be training, physical resources, or the tools we provide, our goal is to ensure farmers keep building their knowledge, whatever their experience level.

 **2,199** downloads were made across DairyNZ's seven farmer apps

DairyNZ's website received **559,860** visitors


- ▶ Our advocacy work is one of the ways we are tackling the workforce challenges we are facing, to create a thriving, sustainable future for the sector.

More than **90%** of our temporary work visa holders were eligible to apply for residency in 2021, which included more than

 **4,500** farm employees and their families.

4 Engage and partner better with levy payers and farmers


- ▶ This year, challenges brought about by COVID-19 meant that connecting with our farmers face to face was sometimes not possible. Instead, we ran more events online, increased our engagement with farmers via phone call, and supercharged our events programme once the COVID-19 restrictions were reduced to Orange.

 Our Farmer Information Service has had more than

1,600 phone-based consultations with farmers this year.

DairyNZ hosted more than **800** learning events for farmers, attracting more than

 **13,500** attendees

 **29,479** episode downloads of 22 episodes of DairyNZ podcasts


5 Build trust and pride in dairy farming

- ▶ DairyNZ's *Join Us* campaign, designed to attract more Kiwis to the dairy sector, was seen by 3.1 million people in just three months.

 **3.1 million** people saw the *Join Us* campaign

- ▶ We continue to share the dairy story in the media through positive storytelling, helping to build a favourable profile of our sector. On average, DairyNZ contributes to 200 stories a month, helping deliver 90% favourable to neutral media coverage.

 **200** stories a month

 **90%** favourable to neutral media coverage

Dairy farmers hit new highs, despite challenges



This last year has been a significant one for dairy farmers. We've seen dairy exports hit new highs, resulting in farmers contributing \$50 billion to New Zealand's economy.

In the face of some confronting challenges, Kiwi dairy farmers have once again demonstrated their resilience. We have continued to deliver despite staffing shortages, rising farming costs and COVID-19 affecting farm teams and creating supply issues.

DairyNZ has focused on supporting farmers through these immediate challenges and, more broadly, helping farmers retain our world-leading position in a fast-changing domestic and international environment.

Farmers are operating in an increasingly complex world, and we're focused on working closely together when designing solutions to farming challenges. Farmers play an active role in identifying which options work best for them, and in shaping the solutions DairyNZ delivers.

DairyNZ continues to work with He Waka Eke Noa partners on a practical alternative framework to the Emissions Trading Scheme (ETS). We know addressing our emissions is new for farmers, and we will continue to work together to ensure the solutions work for farmers and contribute to

New Zealand's commitments.

In 2022, we consulted on alternative emissions pricing options to the ETS, as part of a world-first plan to measure, manage and reduce emissions. We heard from over 3,000 farmers and 86% of those preferred a farm level pricing option. In line with this feedback, the partnership recommended this option to Government in May 2022.

The recommended option is robust, credible and has built-in incentives to reduce emissions and sequester carbon. It will help Kiwi farmers retain our position as leaders in sustainable milk production and meet the demands of international consumers.

DairyNZ also continues to focus on ensuring the government considers the practicality of proposed regulation.

We have worked to ensure winter grazing regulations are practical to implement on farm and the government made significant changes to proposed rules. We continue to work on these, as things continue to evolve.

Working alongside farmers over the

past two years to lift winter grazing standards, it has been pleasing to hear councils and Government recognise that farmers have achieved significant improvements in winter grazing practices.

DairyNZ also lodged a comprehensive submission on proposed changes to the dairy cattle code of welfare. We want to ensure that the code allows farmers to keep delivering great animal care, and are backed by regulations that are clear, practical and science-based.

I'm proud of everything that farmers and DairyNZ have achieved in the past year by working together.

I'm looking forward to building on this over the next season, as we continue to deliver on our vision to create a better future for New Zealand dairy farmers.

Investing in research to support even better farming



Globally, Kiwi dairy farmers are in an enviable position of being one of the world's best producers of milk.

We're in this position thanks to decades of investment in R&D, technology adoption, and because of the hard work and innovation of New Zealand dairy farmers.

However, 2021/22 been a really challenging year for farmers on several fronts – including rising inflation, staffing challenges, COVID-19 and regulatory changes.

With our borders closed for the past two years, DairyNZ has advocated for farmers to be able to access international workers. This resulted in approval for 1,000 international workers to help out on Kiwi farms.

DairyNZ also launched a GoDairy campaign in April, encouraging young Kiwis to consider a dairy career, and connecting them to the latest dairy farm vacancies.

Long-term, we have also partnered with farmers and government to develop the Great Futures in Dairying plan. This sets out a blueprint to attract, retain and grow our farm workforce over the next 10 years.

In science, we're investing in solutions that will help us achieve

our objectives to enable farmers to become more profitable and sustainable into the future.

Our science teams are researching how to improve and adapt existing technologies to reduce emissions to suit New Zealand's unique pasture-based grazing system. This research is looking at the use of feed additives, dietary ingredients, emissions from forages, and methane inhibitors.

We also deliver New Zealand Animal Evaluation Limited's (NZAEL) work to drive genetic improvements in herds, which is so important for continued improvements.

In the regions, our teams are focused on partnering more closely with farmers.

As part of changes we're rolling out, we're connecting with more farmers and providing more opportunities to access information without leaving the farm – for example webinars and podcasts. Our regional team are always happy to assist, so I encourage you to reach out to them.

Over the past year, DairyNZ also prioritised our public audience,

partly by launching a new campaign called *Here For The Long Game*. This is a long-term initiative to continue growing trust and pride in dairy.

It aims to give Kiwis a better understanding of what it means to be a dairy farmer, and the first phase invited them to join us in dairy.

Here For The Long Game reflects the intent that dairy farmers and the dairy sector are here for the long haul – we are investing in our future by making good decisions for our environment, our animals and our people.

It's great to see that over 40% of Kiwis have seen or heard of this campaign. We know it's resulted in people seeing dairy careers and dairy farmers more favourably, and having more trust in farmers.

Alongside this work, our media team continue to share positive public stories about all the great work underway on farms.

DairyNZ Board of Directors



Jim van der Poel

Chair

Appointed as Chair October 2014

Jim is a dairy farmer and with his wife Sue has farming interests in Waikato, Canterbury and the United States.

He has a long association with DairyNZ that includes being on the foundation board of the organisation's predecessor Dexcel, and then becoming chair before taking on a farmer elected director position on DairyNZ's first board in 2007. He stepped down in 2009, was re-elected in 2013, and is the current chair of the Board.

Jim was previously on the Fonterra board, a position he held for 12 years, and was an inaugural director on the Fonterra Shareholders Fund, as well as serving on the board of New Zealand Cooperative Dairies.

Amongst the industry awards he has received are the A. C. Cameron Memorial Award, Nuffield Scholarship, Sharemilker of the Year and Dairy Exporter Primary Performer Award.



Colin Glass

Appointed as a farmer elected director October 2017

With his wife Paula and their two daughters, Colin owns and operates a 670 cow dairy farm, and two properties that rear and finish bull beef at Methven in Mid-Canterbury.

He is a chartered accountant fellow and has a commerce degree in farm management and a post-graduate diploma in accountancy and finance from Lincoln University.

Colin is the Chief Executive of Dairy Holdings Limited which has extensive operations throughout the South Island. He is a director of a number of agribusiness companies and is currently chairman of Ashburton Lyndhurst Irrigation Limited.



Elaine Cook

Appointed as a farmer elected director October 2015

Elaine has interests in a 300 hectare family dairy farm in Otautau, Southland, and lives in the Bay of Plenty. She and her late husband took the traditional progression through the industry to farm ownership, farming both in Waikato and Southland.

Her governance roles have been with organisations that create value for others in agribusiness, research and innovation, industry good, pastoral dairy farming and education. She also chairs the Southland Dairy Leaders Group, which has a strong environmental focus.

Elaine's corporate career has involved agribusiness, local government, information management, health and safety, and human resources.



Tracy Brown

Appointed as a farmer elected director October 2019

Tracy is a director of Te Rarawa Farming Limited in the far north and a trustee for Te Mahere Whakauka (The Hope Project). She is a past chair of DairyNZ's Dairy Environment Leaders Forum and the Ballance Farm Environment Awards Alumni. She was a trustee of Dairy Women's Network, St Paul's Collegiate and Matamata Intermediate. She was a 2020 Nuffield Scholar.

Her first role was as an economist for the NZ Meat and Wool Board. She has a Bachelor of Agricultural Science (Hons) from Massey University and was a Kellogg Rural Scholar. Tracy and her husband won the 2010 Waikato Ballance Farm Environment Supreme Award and the 2019 Fonterra Farm Source Responsible Dairying Award. She received a Sustainable Business Network's 'Sustainability Superstar' award, and was part of the Essential Freshwater Independent Advisory Panel.



Dr Jacqueline Rowarth

Appointed as a farmer elected director October 2018

Jacqueline has a background in research, education, management and governance with organisations including AgResearch, Lincoln University, Unitec, University of Melbourne, Massey University, the University of Waikato, the Environmental Protection Authority, Crop and Food Research and AGMARDT. She is currently a farmer-elected director of DairyNZ and Ravensdown.

A past president and a fellow of the New Zealand Institute of Agricultural and Horticultural Science, Jacqueline is also a past president of the New Zealand Grassland Association and a current trustee of the NZ Grassland Trust.

She is a Companion of the Royal Society of New Zealand, and a Companion of the New Zealand Order of Merit for services to agricultural science.



Peter Schuyt

Appointed as an independent director April 2014

Peter has been, and is, an independent director for a broad range of New Zealand businesses.

He is the chair of Tax Management NZ Limited. He is also the chair of the Audit and Risk Committees of Tatura Co-operative Dairy Company and Foodstuffs North Island Limited.

Prior to taking on chair and director roles, Peter held senior executive roles, primarily in finance and strategy, for the New Zealand Dairy Board, Fonterra and the New Zealand Post Group.

Peter is a Chartered Fellow of the New Zealand Institute of Directors.



Mary-Anne Macleod

Appointed as an independent director October 2020

Mary-Anne is a professional director, and is currently director on the National Institute of Water and Atmospheric Research (NIWA), AgResearch, The Environmental Protection Authority, Fire and Emergency and is on the University of Waikato Council. She has previously served on the boards of Bay Venues Limited and Quayside Holdings Limited.

She was the Chief Executive of the Bay of Plenty Regional Council for seven years and has held senior roles in the Ministry for the Environment. She has also worked internationally in multinational environmental and engineering companies where she specialised in environmental management.

Mary-Anne holds a Master of Science (Hons) in Earth Sciences and Geography.



Margaret Devlin

Appointed as an independent director April 2022

Margaret is an experienced director with extensive experience in governance and executive management, primarily in the water and infrastructure sectors in New Zealand and the United Kingdom. She serves as a director across a range of entities with a particular focus on audit and risk. She is a passionate advocate for diversity and inclusion. Margaret is a Chartered Fellow of the Institute of Directors.

Her current governance roles include Chair of Watercare Services, Lyttelton Port, Hospice Waikato and Infrastructure NZ. She is a director of Waikato Regional Airport, Waimea Water and London Green Advisory.

Previous governance roles include Deputy Chair of Wintec and member of Waikato University Council.

DairyNZ Senior Leadership Team



Dr Tim Mackle

Chief Executive

Tim has been DairyNZ's Chief Executive since its inception in 2007 and was chief executive of its predecessor Dexcel. He leads DairyNZ in its vision to deliver a better future for New Zealand dairy farmers. Previously, Tim was general manager of Fonterra subsidiary, Anchor Ethanol.

Tim began his career as a nutrition and milk characteristics scientist, worked in the New Zealand Dairy Board's strategy team, and also held a corporate role at Fonterra. Tim has a PhD in Animal, Food and Nutritional Sciences from Cornell University, New York.



Dr Bruce Thorrold

Strategy and Investment Leader — new systems and competitiveness

Bruce oversees research into farm profitability and footprint, the national evaluation systems for animals (Breeding Worth), the Forage Value Index, and the dairy sector's core economic database (DairyBase).

Before his current role Bruce led the Dexcel farm systems research team and was involved with the Holstein Friesian Strain Trial and the Lake Taupo policy process. He previously worked for AgResearch and the Ministry of Agriculture and Fisheries researching soil science and catchment management. Bruce has a Bachelor of Agricultural Science (with first class honours) and a PhD in Soil Science from Lincoln.



Nick Robinson

Strategy and Investment Leader — sustainable dairy

With a portfolio that holds sustainability at its heart, Nick's area of focus extends across topics including environment, workforce and farm profitability, as well as communications and stakeholder engagement.

Prior to joining DairyNZ, Nick held roles in both the public and private sectors, working across areas including corporate affairs and sustainability both in New Zealand and internationally. Previous roles have also seen his expertise applied to topics including climate change, water, privacy and energy access.

Nick holds a BSc in Science and Management and a Master of Philosophy in Business from Massey University.



Julia Murphy

General Manager — people and culture

DairyNZ believes that the better our people are supported, the better they can support farmers. The People and Culture team strives to develop the DairyNZ team's talent to enable the organisation to meet the needs of an everchanging sector, keeping farmers ahead of the curve.

Since joining DairyNZ in 2010, Julia has held a number of roles including Senior HR Business Partner and Transformation and Culture Manager. She joined the executive team in 2019. Prior to this she worked for the Royal Bank of Scotland.

Julia holds a Bachelor of Arts from Waikato University and a Certificate of Personnel Practice (CIPD) from the University of Strathclyde, Glasgow.



David Evans

General Manager — corporate services

David has been DairyNZ's General Manager of Corporate Services since early 2017 and started at DairyNZ in 2007.

He currently oversees finance, project management, digital information and communications technology, facilities and procurement. David is also company secretary for the DairyNZ Group and secretary of the New Zealand Dairy Core Database Access Panel.

David was formerly DairyNZ's financial controller and then Chief Financial Officer.

David has a Bachelor of Commerce from the University of Auckland and is a member of Chartered Accountants Australia and New Zealand.



Amanda Woodbridge

General Manager — marketing, communications and engagement

Amanda describes her job as helping to share DairyNZ's science and research to support farmers to farm even better, and telling the rest of New Zealand (public, stakeholders, media) about the great work dairy farmers are doing. Amanda has played a critical role in transforming how DairyNZ can better serve its dairy farmers.

Before joining DairyNZ, Amanda was a director of her own communications marketing agency. She has an Honours degree in Marketing from Victoria University and has won international awards for her marketing programmes.



Dr David Burger

General Manager — sustainable dairy

David oversees DairyNZ's Sustainable Dairy team, which includes environment, policy, solutions and development, and biosecurity. David is a water quality scientist with more than 20 years of national and international experience in applied water resources management. He has held numerous roles since joining DairyNZ in 2013, including Senior Water Quality Scientist, Environment Manager and four years as Strategy and Investment Leader for Responsible Dairying. He previously worked as a scientist and advisor for Deltares, an independent international water research institute based in the Netherlands and then Singapore. David holds a PhD in Limnology and a MSc in Freshwater Ecology from the University of Waikato.



Bridget Maclean

General Manager — new systems and competitiveness

Bridget leads a team of research farm staff, technicians, scientists, modellers and economists who provide farmers with new solutions to remain competitive, responsible and resilient.

Bridget previously held the role of Head of Science at DairyNZ before being promoted into the General Manager role in May 2022. She has worked in research management in agricultural science organisations for more than 25 years, including with Ballance, Waikato Regional Council and Fonterra. At Fonterra she led the pre-manufacture research as General Manager On-Farm Research and Development before joining the DairyNZ team in 2020.

Bridget has a Bachelor of Agricultural Science (Hons), Agronomy and Crop Science from Massey University.



Sharon Morrell

Former General Manager — farm performance

In June this year, we farewell Sharon Morrell who led our Farm Performance team as General Manager. Sharon has made a huge difference over her 12 years at DairyNZ across a number of roles within our farmer facing team, and most recently, as General Manager supporting the Farm Performance team to proactively engage with farmers.



Dr David McCall

Former General Manager — new systems and competitiveness (retired)

This year, DairyNZ farewellled Dr David McCall, who led our science teams in a range of General Manager roles from April 2009 until his retirement on 29 April 2022. Over his 13 years at DairyNZ, David made an invaluable contribution to the sector.

Highlights 2021/22





FOCUS AREA ①

Increase profit and reduce environmental footprint by 2025 while caring for animals on-farm

Wintering well now for a better future

Significant effort from farmers to implement good wintering practices ahead of regulation is paying off, with support from DairyNZ in collaboration with primary sector partners and catchment groups.

Survey, drive-by and flyover results in Southland and South Otago show continuous improvement over the last three seasons. Regional Councils and Ministry for Primary Industries have also acknowledged ongoing improvements they have seen.

A DairyNZ submission and joint recommendations from DairyNZ and sector partners in 2021 led to changes in the Government's proposed intensive winter grazing rules, with more practical rules announced in May 2022. The changes to wintering regulations follow on from two years of intense focus on winter grazing by councils and the Government, who recognised the significant improvements but require more progress.



Farmers around the country are getting on board to implement good practices in time to meet the new national regulations which come into effect from 1 November this year. Winter grazing is no longer just a Southland issue, and this shift was reflected in DairyNZ's 2022 winter grazing media campaign, *Good wintering is great farming*. The campaign featured North and South Island farmers who shared their wintering practices to encourage all farmers to winter well. DairyNZ continues to advocate for more pragmatic solutions to wintering rules.

Draft Code of Welfare for Dairy Cattle

DairyNZ played a key role in ensuring farmers were able to respond to a review of the existing code of welfare for dairy cattle by the National Animal Welfare Advisory Committee (NAWAC), released as a draft for public consultation in April 2022.

DairyNZ was successful in getting an extension of the deadline to allow for more comprehensive farmer engagement on the proposed changes. Farmer consultation

through an online survey, as well as online and in person meetings, allowed us to collect information to inform our technical DairyNZ submission. We also created a farmer template to assist farmers in making their own submissions, with information on the DairyNZ website providing details about what was being proposed and why.

The template was downloaded 764 times from the DairyNZ website.

Working to find an alternative to the Emissions Trading Scheme

DairyNZ has been working hard alongside our sector partners including Beef+Lamb New Zealand and Federated Farmers to keep agricultural emissions out of the Emission Trading Scheme, by designing a credible alternative through the He Waka Eke Noa (HWEN) partnership.

HWEN was our sector response to the Government's announcement that they were going to price agricultural emissions. We didn't have a say on whether emissions would be priced or not, but we did have an opportunity to influence what the system might look like. We know it's not perfect, but it's much more practical, pragmatic, and fair for farmers than the alternative.

When we consulted with farmers you told us that if emissions were to be priced, you wanted us to ensure it should be at the farm level; methane should be treated fairly; recognition needed to be given for planting you've done on your farm; and any money raised should be recycled back into the sector. All those key design elements were incorporated into our final recommendation to Government for consideration.

Consulting with farmers to find the best option to meet legislated emissions

Led the delivery of

63

events (mix of face-to-face and online)

2,111

submissions of feedback on the two options proposed

86%

of farmers preferred the Farm Level option

31 May

Farm level recommendation submitted to Government

Guidance to help new wetlands flourish

Farmers looking for an innovative solution to improve the quality of water leaving their farms could consider wetlands, as outlined in The Wetland Practitioner Guide. This DairyNZ-NIWA resource, which finished as a finalist in the Innovation and Collaboration category at the 2022 Primary Industries Awards, helps farmers design wetlands and understand how they will perform.

The Wetland Practitioner Guide is the result of a four-year project between DairyNZ and NIWA, with input and

guidance from regional councils, Fish & Game NZ, the Waikato River Authority, wetland practitioners and farming experts.

The guide provides design and performance information for people wanting to establish a surface-flow constructed wetland to reduce contaminant loss on pastoral land. It also contains information on costing and maintenance and showcases 11 case studies located throughout New Zealand to provide examples of wetlands that have been developed

to improve water quality and habitat outcomes. They encompass a range of wetland designs, contaminant reduction performance and construction costs.

In May 2022, Waikato Dairy Environment Leaders attended the launch of the guide to learn more about how wetlands can help manage a farm's environmental footprint and boost biodiversity.

FOCUS AREA ②

Develop future farm systems and sector scale solutions



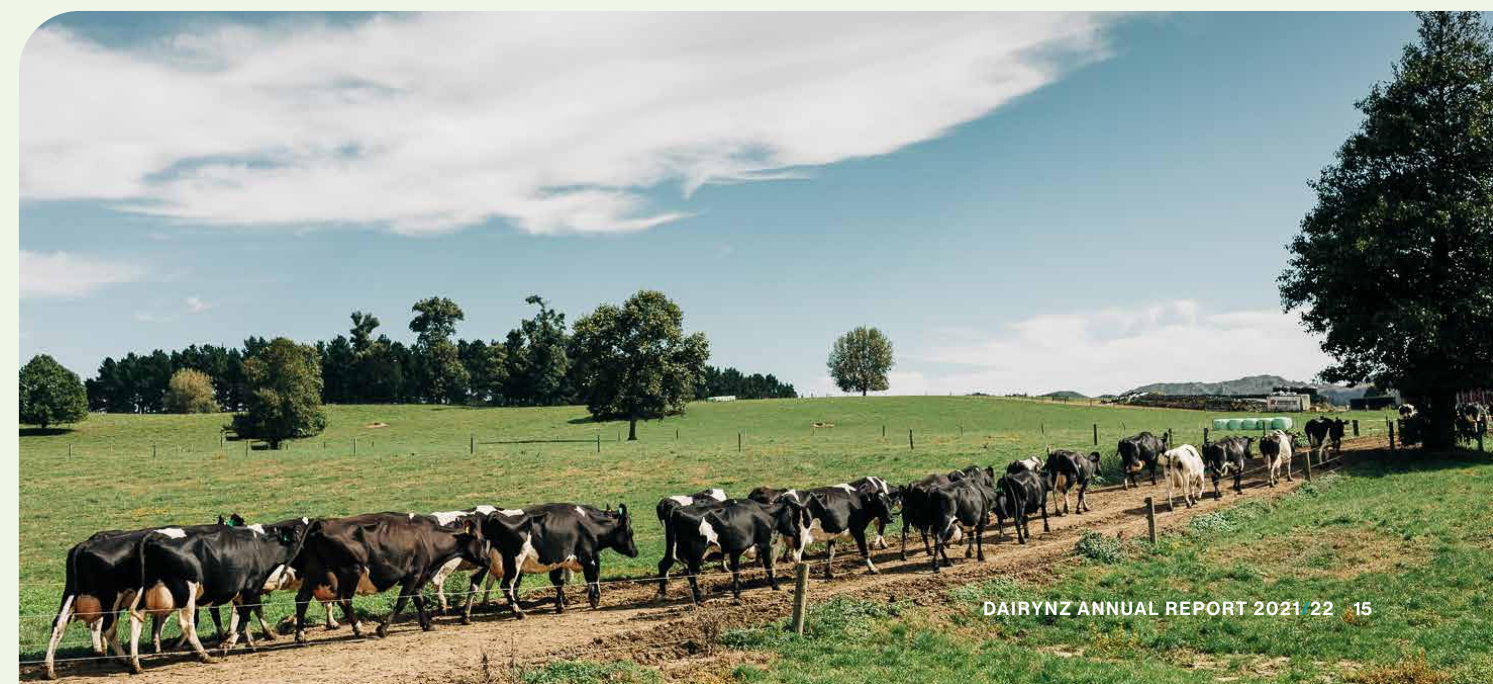
Working with farmers to reduce methane on-farm

To maintain New Zealand's world-leading emissions efficiency, and to meet national methane targets, DairyNZ is developing viable and scalable methane mitigation packages for New Zealand dairy farmers that reduce methane yield (methane per kg of feed eaten), while maintaining methane efficiency (methane per kg of product).

DairyNZ has been focused on identifying mitigations (technologies and ways of delivery) that work in pasture-based systems. This includes feed additives or dietary ingredients that reduce methane emissions (e.g., Bovaer™, bromoform, seaweed, probiotics), delivered using twice daily feeding systems, slow-release boluses, early-in-life feed management practices, and in-paddock automated feeders.

DairyNZ is also working to identify key traits and seasonality effects of New Zealand grazed forages and how these alter base methane emissions of different methane inhibitors on New Zealand farms. Ongoing collaboration both domestically and internationally will ensure these mitigations are fairly accounted for at an individual farm and national inventory level.

Knowledge gained from the research is being evaluated with farmers and industry stakeholders to develop a suite of adoptable on-farm methane mitigation packages for farm level testing. Ultimately, this work area aims to provide practical research to help New Zealand farmers to meet 2030 and 2050 methane targets in a profitable and sustainable manner.



Leading on breeding with NZAEL

In December 2021, New Zealand Animal Evaluation Limited (NZAEL) launched the new Animal Evaluation (AE) model called NZAEL 3.0. The model introduces new technologies, ensuring our sector remains best in class.

Changes made in December included updates to the economic values used in the creation of Breeding Worth (BW), reflecting the changing economic environment the sector is facing. In addition to the economic update, improvements were made to some of the traits that contribute to BW.

The fertility trait was improved through the inclusion of calving records, which rewards cows who calve earlier in the season. The release also introduced functional survival as a replacement to residual survival in BW. This improved trait makes use of several predictor traits to allow for

earlier predictions of survivability of an animal in a herd. Improvements were also made to how body condition score recognises the differences in breeds, improving the quality of prediction. This is especially important in New Zealand with the level of cross breeding and mixed breed herds we have throughout the industry.

In response to farmer feedback in April 2022, NZAEL introduced Udder Overall as the ninth trait in BW. Accuracy of our liveweight trait was also improved, as we changed to only using actual scale weight data in the AE output.

All changes to AE have been thoroughly tested by the Farmer Advisory Panel and internationally peer reviewed by the Scientific Advisory Committee before final approval by the NZAEL Board.



Delivering credible information to farmers with Forage Value Index

DairyNZ's Forage Value Index (FVI) is an online tool that uses a five-star rating system to help farmers choose the best-performing ryegrass cultivars for their region.

The FVI ranks ryegrass cultivars on their expected economic value to New Zealand dairy farm businesses. To ensure the FVI delivers credible information to farmers for cultivar selection, testing the FVI under realistic farm management conditions has been a focus for DairyNZ researchers.

A farm-scale validation trial compared the productivity and economic performance of low (1-

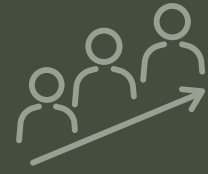
and 2-star) and high (4- and 5-star) ranked diploid perennial ryegrasses with common endophyte in the Waikato, to see how the farm system results compared to predictions.

The four-year trial concluded in June 2022, and initial data analyses are producing some unexpected results. Four years of dry summer-autumn conditions impacted pasture growth and persistence, and the additional days in milk predicted from the high FVI group were not realised. However, the effect of climate did not appear to be the only factor at play.

Researchers are now undertaking a deep dive into the data, and the findings will feed into ongoing improvement of the FVI.

DairyNZ is confident that the Forage Value Index approach, similar to the National Breeding Objective for animals, is the appropriate model to align plant breeding efforts, empowering farmers to understand superior plant genetics in ryegrass cultivars.

FOCUS AREA ③



Build capability of people on-farm



Great Futures in Dairying

DairyNZ has partnered with farmers, government and farming sector representatives to create a plan addressing the critical shortage of workers on dairy farms in New Zealand. The plan, known as Great Futures in Dairying, was launched in June 2022 and will work towards ensuring the success of dairy farms for tomorrow. It sets out how the dairy sector will attract, retain and grow the farm workforce for the next 10 years, and identifies initiatives that will shape dairy farming as a competitive career option through a range of workplace and technology

advances. The plan also outlines ways we can grow and retain our people, provide modern, productive and safe workplaces, and attract a larger and more diverse talent pool.

For the best chance of success, the plan will require ongoing partnership from dairy farmers, sector organisations and government with leadership from DairyNZ. Initiatives to progress solutions in the plan are already underway, including DairyNZ's GoDairy recruitment campaign.

Advocating with farmers to grow our workforce

COVID-19, and a prolonged period of border closure for New Zealand, highlighted many of the workforce issues farmers are currently experiencing.

We advocated alongside our partners to lobby government to change the settings, to ensure farmers had access to international workers during 2022.

During the 2021/22 year, DairyNZ took on a role as Implementation Partner to the Dairy Class Border Exception. This Exception resulted in 768 international dairy employees and their families being nominated to cross the closed

New Zealand border, filling crucial vacancies on dairy farms across the country. Herd Managers, Assistant Managers and Farm Managers for dairy also now qualify as 'Green List' roles under the Accredited Employer Worker Visa process, and can apply for residency after three years of working on a New Zealand dairy farm.

DairyNZ's advocacy on behalf of farmers on workforce shortages has been complemented by other initiatives, including the GoDairy recruitment campaign, and the Great Futures in Dairying plan.



GoDairy

New Zealand's dairy sector currently has around 4,000 vacancies. The GoDairy recruitment campaign is one way DairyNZ is responding to help fill these roles and grow our dairy workforce.

From April 2022, we ran this campaign to help farmers attract more people to on-farm roles in time for the calving season. We advertised across a range of social media and online platforms encouraging people to visit the new GoDairy website to learn more about what dairy farming involves and how to apply. The recruitment campaign connected job seekers with the latest dairy farm vacancies, and provided a channel for them to apply for a farming role.

On behalf of farmers, this campaign was created with a goal to inspire the next generation of dairy professionals by providing tangible benefits and compelling reasons to GoDairy.



FOCUS AREA ④



Engage and partner better with levy payers and farmers

Partnering better with farmers

DairyNZ has established two distinct roles within our regional teams that work better to meet the needs of farmers. DairyNZ's Extension Partners facilitate events where farmers can meet and learn from each other, as well as from technical specialists. Our Regional Partners have a proactive role in engaging with farmers who may not attend events, by listening, supporting and understanding their needs by phone or in person.

A challenging year, brought about by COVID-19 and vaccination mandates, has made connecting with our farmers difficult at times. Virtual meetings,

Facebook and other digital platforms have now become popular options for discussing topical issues to support farmers. DairyNZ's regional teams have focused on overcoming these challenges by delivering a range of successful events using a variety of channels, including a round of He Waka Eke Noa consultation.

Helping farmers solve the tough challenges

In 2022, DairyNZ piloted a service that works to tackle complex problems, from the farmer's point of view.

Collaborating with farmers as genuine partners in the process was an important measure of success for this project.

This saw DairyNZ engage with High Altitude Dairy Environment Solutions (HADES) in the Taranaki region around how future regulations will

affect their farm systems. A new way of working with this group was tested that involved partnering to explore next steps on effluent management in changing environments.

For farmers needing support in working out where to start with some of the tricky issues facing their farm business, DairyNZ's regional teams can help create a plan to move forward.

FOCUS AREA ⑤



Building trust and pride in dairy farming

Telling great stories in the media

DairyNZ represents farmers in the media, both on the big issues and by delivering positive stories to build trust and pride in dairy farming. During 2021/22, we contributed to 200 stories a month in mainstream and rural media.

We highlight the sector's progress, and the support farmers need on priority topics, such as farm systems, profitability, employment, animal care, climate change and environment. Media stories are also built around DairyNZ research projects funded by your levy to help farmers continue running profitable businesses.

DairyNZ is committed to highlighting dairy's story in the media to build trust and pride.

Some of the stories we have been involved with this year include the significant efforts being made to reduce nitrogen loss, and the great work Kiwis are doing on farm, with spots on Seven Sharp and TV1's Breakfast show. We also took an active role in managing media around the film Milked, produced by activist Chris Huriwai.



Join Us

DairyNZ's *Join Us* campaign was the first campaign under *Here For The Long Game*, a long-term public-facing initiative designed to build public trust and pride in dairy.

Fronted by Whakatāne dairy farmer Shannon Munro, the goal of *Join Us* was to give Kiwis a better understanding of what it means to be a dairy farmer, inviting more Kiwis to consider joining dairy farming.

The multi-channel campaign, designed to reach a broad public audience, launched in January 2022 and created significant impact over its three month duration.

The campaign delivered successfully on the goal of helping raise awareness about working in dairy and connecting with Kiwis to help improve the favourability of dairy farmers and trust in the sector.

✔ GREAT VISIBILITY

An estimated

3.1million

people (18+ years) saw the campaign at least once over the total campaign period.

✔ HIGH AWARENESS

Over 40%

of New Zealanders say they have heard of or seen the campaign (prompted awareness).

✔ STRONG RECALL

of what the campaign was about – almost three-quarters of people aware of *Join Us* say they remembered a dairy sector or farming message, with 'dairy sector as a career' being a key message recalled.



✔ POSITIVE IMPRESSIONS OF DAIRY



The main message people took from the campaign was to join or consider a career in dairy and that there are skills to be gained from working in the sector.

✔ HELPING CHANGE PERCEPTIONS

30%

of people were more favourable towards the sector after seeing the campaign.

People who saw the campaign have more trust in dairy farmers than those who hadn't seen it (72% compared with 66%).



Our work for farmers across New Zealand

Northland

In partnership with Northland Dairy Development Trust, DairyNZ is progressing a four year research project testing whether strategies to reduce emissions are physically and financially sustainable.

After seven years of collaboration between farmers, rural consultants, and industry partners, farmer extension programme Extension 350 was completed in June 2022. This has helped farmers build resilience and improve financial sustainability.

Waikato

More than 400 one-on-one discussions were held with farmers around understanding emissions and regulatory requirements relevant to their farms. We also hosted a regional Dairy Environment Leaders forum, providing farmers an opportunity to share success stories of good farm management practices, and discuss how to navigate regulatory change in working towards a more sustainable future.

Taranaki

DairyNZ has partnered with Dairy Trust Taranaki to help identify a profitable farm system to lower emissions while retaining profit through reduced inputs and stocking rates. Carried out across four research farms, this research investigates issues most relevant to Taranaki dairy farmers, including the impact of spring vs. autumn calving.

Bay of Plenty

Almost 200 Bay of Plenty dairy farmers took part in events looking at how to measure the agricultural emissions resulting from their farming activity. From providing feedback on the proposal put forward by the He Waka Eke Noa Partnership Working Group, to identifying the sources of their emissions, these farmers stepped up to the challenge of understanding how their production system may need to be modified.

Top of South / West Coast

DairyNZ has connected with more than 300 West Coast levy payers, with a focus on deepening that connection to build stronger relationships with farmers across the region. We also supported farmers through several significant adverse weather events, including drought and flooding, by providing tools for better planning and management.

Canterbury / North Otago

An increasing number of farmers using DairyBase are working with DairyNZ to track their performance, allowing them to benchmark their achievements against other farms locally and use this data to support their decisions.

DairyNZ has also worked with farmers to assist response and recovery during and after flooding events in the Ashburton and wider Canterbury region.

Lower North Island

The Tararua Plantain Project assesses how plantain crops can reduce nitrogen loss. DairyNZ and partner organisations have been working with dairy farmers across the region to achieve community objectives and regulatory requirements associated with the project.

Southland / South Otago

DairyNZ partnered with the Southern Dairy Hub and four case study farms across Southland and South Otago, building farmer awareness of system change impacts on greenhouse gas emissions and farm profitability. By partnering with farmers, the project has recognised there is a range of solutions for improved environmental outcomes.

Independent report on value of DairyNZ Investments for 2021/2022

DairyNZ audits its investment portfolios annually to provide confidence to levy payers that the levy is being invested in their best interests.

The Board of DairyNZ Incorporated appoints a panel of New Zealand dairy farmers to review DairyNZ's progress against annual performance targets. The Farmer Auditor Panel comprises two independent farmers and one independent consultant as the facilitator. The current members are Ian Brown, Anne-Marie Wells and independent consultant James Morrison.






The panel's purpose is to review the annual Key Indicators of Success (KIS) outcomes and determine if the targets have been achieved to a level of satisfaction to provide levy payers with confidence that DairyNZ is delivering value to them.

For the 2021/22 year, there were twelve KIS across all investment areas of DairyNZ. The Farmer Auditor Panel met in June 2022 to review the KIS achievements and have completed an independent report on their findings.

The auditors satisfied themselves of the KIS achievements by reviewing the summary evidence and interviewing DairyNZ Strategy & Investment Leaders and General Managers. It is noted that once again the 2022 internal reporting is of a high quality.

The auditors concluded that DairyNZ fully achieved ten of the twelve KIS. One of the remaining two KIS targets was partially achieved and one was not achieved. This represents an overall achievement of 91% against target. This overall result is again higher than the previous year.

The auditors adjusted the self-assessment on 'achieved' KIS by DairyNZ management in only one instance (from 'partially achieved' to 'not achieved' for KIS 10). In the cases where the auditors have not recorded 'achieved', the auditors noted that there has still been progress made and the work is worthy of recognition.

DairyNZ's Focus Areas	Key Indicators of Success related to Focus Area	Result
 Focus Area 1 - Increase profit and reduce environmental footprint while caring for animals	KIS 1, 2, 3	All KIS were achieved.
 Focus Area 2 - Develop the future farm systems and sector scale solutions for farmers to be competitive, responsible and resilient locally and globally	KIS 4, 5, 6, 7, 8	Four KIS were achieved, one was partially achieved
 Focus Area 3 - Build capability of people on-farm	KIS 9	This KIS was achieved
 Focus Area 4 - Engage and partner better with levy payers and farmers	KIS 10, 11	One KIS was achieved, one was not achieved
 Focus Area 5 - Build trust and pride in dairy farming	KIS 12	This KIS was achieved



**Looking
Ahead**

FOCUS AREA ①

Increase profit and reduce environmental footprint by 2025 while caring for animals on-farm

DairyNZ knows that farmers are feeling overwhelmed by the pace and scale of change coming at our sector – we feel it too. Yes, we need to keep striving to be better, but regulation needs to be practical, pragmatic, and fair for farmers.

There are some huge issues on the horizon for dairy farmers that we need to ensure Government gets right. We will continue to advocate strongly on your behalf as we work through issues like He Waka Eke Noa and the review of methane reduction targets to ensure you get a fair deal.

We'll also keep championing farmers' interests when it comes to the implementation of freshwater policy, winter grazing rules, and the Draft Code of Welfare for Dairy Cattle. We want to see the best possible outcomes for farmers, their animals, and the environment, but that can only be achieved through practical regulation that makes sense behind the farm gate.

FOCUS AREA ②

Develop future farm systems and sector scale solutions

DairyNZ is committed to developing new solutions, based on science, to support farmers to be sustainable and competitive.

Our methane research will continue, providing options, systems and tools for farmers to reduce their environmental footprint, with a focus on developing options for methane reduction, tailored to meet the different goals, values and farm systems of farmers across New Zealand.

Research around the grazing herb plantain (Ecotain®) as an

option to reduce nitrogen lost to freshwater from grazing systems will also be an important focus.

DairyNZ is committed to supporting our national breeding system to be world-leading through producing the best rates for genetic gain. Developing a new, independent animal evaluation system will be an important part of delivering on this goal. By providing improved information on Breeding Worth, the new system will support farmers by enabling increased rates of genetic gain.

FOCUS AREA ③

Build capability of people on-farm

Supporting farmers to attract and retain staff is a key goal for DairyNZ. To help build a thriving dairy sector, DairyNZ has worked with farmers, sector partners, and government to develop a plan outlining how we can source great people, great jobs, and great workplaces. The plan outlines the key challenges our workforce

is facing and actions in place to build a sustainable dairy sector.

We will continue our GoDairy recruitment campaign, with a goal to attract and inspire the next generation of dairy professionals to our sector.



FOCUS AREA ④

Engage and partner better with levy payers and farmers

To build even stronger connections with our farmers, we are continuing to revamp how we work and provide support. We are launching two new services, including a service designed to help farmers navigate complex farming challenges.

Looking ahead, DairyNZ will be even more visible in your region, offering relevant and tailored events for levy payers and their farm staff. We will continue to proactively engage with farmers who we don't see at DairyNZ events to ensure they are supported. DairyNZ has more than 900 events planned across

the country. We remain committed to improving the performance of Māori dairy entities, and supporting these farmers to be world class.

A refreshed DairyNZ website and phone-based farmer support service will be an important addition in helping farmers find relevant information quickly and easily.

DairyNZ will continue to support farmers through adverse events, working alongside our partners and councils, by providing tools and resources to help farmers prepare, respond, and recover.

FOCUS AREA ⑤

Building trust and pride in dairy farming

Improving public perception is consistently one of the top three issues farmers tell us they want support on. Building trust and pride in the sector and among dairy farmers is a key focus for DairyNZ to help maintain the sector's social licence to operate.

Caring for the land, investing in the future, and making long-term plans are intrinsic to being a dairy farmer, and we want Kiwis to know and understand that. Our work in the coming year will continue to showcase dairy farmers as world-leading, and highlight their progress and commitment to become even better.

This will include the next phase of our *Here For The Long Game* public education campaign. Building on the

first phase launched in January, the new campaign, *Better*, will tell the story of how Kiwi dairy farmers are world-class and always getting better. The goal of this multi-media campaign is to connect with a general public who are increasingly disconnected from rural communities by showing that city and rural communities are united by common values.

Other key workstreams to build positive public perception include positive storytelling/PR, issues management in the media, education via school kits and *Rosie's World*, strategic partnerships, and stakeholder engagement.



Financials

2021/22

We invest dairy farmers' money into a wide range of programmes across DairyNZ's focus areas.

Our focus areas underpin our strategy, reflecting our commitment to delivering a better future for dairy farmers, for the long-term success of the sector.

Our work includes research and development to create practical on-farm solutions, supporting farmers to be profitable and sustainable, promoting dairy as a career of choice for a thriving sector, and advocating for farmers with central and regional government.

In 2021/22, a total of \$67.25 million was collected through the milksolids levy, plus DairyNZ received government co-funding.

2021/22 actual levy expenditure under focus areas

for every \$1 of DairyNZ investment



Financial results

Net surplus	\$2.4 million	Milksolids	1.868 billion kgs/MS
	↓ \$7.4m FY21: \$9.8m		↓ 4.1% FY21: 1.948 billion kgs/MS
Closing Cash Position	\$31.3 million	Total Members Funds	\$56.6 million
	↑ \$8.7m FY21: \$22.6m		↑ \$2.7m FY21: \$53.9m
Total Revenue	\$82.1 million	Total Expenditure	\$79.7 million
	↓ \$4.0m FY21: \$86.1m		↑ \$3.4m FY21: \$76.3m

Independent auditor's report



To the members of DairyNZ Incorporated

Report on the audit of the consolidated financial statements

Opinion

In our opinion, the consolidated financial statements of DairyNZ Incorporated (the 'incorporated society') and its subsidiaries (the 'group') on pages 38 to 63:

- i. present fairly in all material respects the Group's financial position as at 31 May 2022 and its financial performance and cash flows for the year ended on that date in accordance with New Zealand Equivalents to International Financial Reporting Standards for Public Benefit Entities.

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated statement of financial position as at 31 May 2022;
- the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended; and notes, including a summary of significant accounting policies and other explanatory information.



Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

Our firm has also provided other services to the group in relation to tax and other advisory services. Subject to certain restrictions, partners and employees of our firm may also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as auditor of the group. The firm has no other relationship with, or interest in, the group.



Other information

The Directors, on behalf of the group, are responsible for the other information included in the entity's Annual Report. Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Use of this independent auditor's report

This independent auditor's report is made solely to the members as a body. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.



Responsibilities of the Directors for the consolidated financial statements

The Directors, on behalf of the incorporated society, are responsible for:

- the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards for Public Benefit Entities);
- implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is:

- to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of these consolidated financial statements is located at the External Reporting Board (XRB) website at:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7/>

on forms part of our independent auditor's report.

Hamilton
2 August 2022

Statutory information

For the year ended 31 May 2022

The Directors present the Annual Report along with the audited accounts for DairyNZ Incorporated and Subsidiary Companies for the year ended 31 May 2022.

1. Activities

DairyNZ's main income is provided by the Commodity Levies (Milk solids) Order 2020, as well as the undertaking of dairy research, development and extension activities.

2. Results

DairyNZ Group's total comprehensive surplus for the year was \$2,716,376.

3. Disclosures

Pursuant to Clause 24.1(c) and 24.1(d) of the Rules of DairyNZ Incorporated and/or Section 211(1) of the Companies Act 1993, we disclose the following information:

DIRECTORS	DAIRY NZ INCORPORATED	SUBSIDIARY AND OTHER DIRECTORSHIPS
J. van der Poel	Director Elected (Chairman)	DairyNZ Ltd
T. Brown	Director Elected	DairyNZ Ltd
E. Cook	Director Elected	DairyNZ Ltd
M. Devlin	Director Appointed	DairyNZ Ltd
C. Glass	Director Elected	DairyNZ Ltd
J. Rowarth	Director Elected	DairyNZ Ltd
P. Schuyt	Director Appointed	DairyNZ Ltd
M. Macleod	Director Appointed	DairyNZ Ltd
R. Anderson		New Zealand Animal Evaluation Ltd
H. Blair		New Zealand Animal Evaluation Ltd
E. Coats		New Zealand Animal Evaluation Ltd
S. Howse		New Zealand Animal Evaluation Ltd
M Townsend		New Zealand Animal Evaluation Ltd
S. Montgomerie		New Zealand Animal Evaluation Ltd
A. Body		Insight Genomics Ltd and Pastoral Genomics Ltd
T. Mackle		DairyNZ Accreditation Ltd, Dairy Insight (PGGR Consortia) Ltd
D. Evans		DairyNZ Accreditation Ltd, Dairy Insight (PGGR Consortia) Ltd, New Zealand Animal Evaluation Ltd
D. McCall		Dairy Training Ltd
B. Thorrold		Insight Genomics Ltd, Data Linker Ltd and Farm Data Accreditation Ltd
M. Julian		Dairy Training Ltd
A. Finch		SDH GP Ltd
G. Taylor		SDH GP Ltd

POSITIONS HELD IN OTHER DAIRY INDUSTRY GOOD ENTITIES

J. Jago	Officer	Primary Industry Capability Alliance Incorporated
T. Mackle	Officer	South Island Dairying Development Centre (SIDDC)
T. Finch	Officer	New Zealand Institute of Primary Industry Management Incorporated
T. Brown	Trustee	New Zealand Dairy Industry Awards
A. Wilcock	Trustee	AgRecovery Foundation

Changes during the year

J. Coughlan resigned as Director of DairyNZ Limited on 20 October 2021.

M. Devlin appointed as Director of DairyNZ Limited on 12 April 2022.

A. Kempthorne resigned as Director of SDH GP Limited on 13 May 2021 and from NZAEL Ltd on 30 June 2021.

S Howse Appointed as Director of NZAEL Limited on 6 July 2021.

Directors' interest

A Directors interest register is maintained throughout the year.

Use of company information

The Board received no notices during the year from Directors required to use Company information received in their capacity as Directors, which would not have been otherwise available to them.

Share Dealings

No Directors hold any shares in any DairyNZ entity within the Group.

Donations

There were no donations made in the current year.

Board and committee attendance

	BOARD	ARC	P&C
M. Devlin	2	1	1
E. Cook	7	-	5
J. Coughlan	4	-	-
P. Schuyt	7	4	-
J. van der Poel	7	4	5
J. Rowarth	7	4	-
C. Glass	7	-	4
T. Brown	7	4	-
M. Macleod	7	-	5
Total meetings	7	4	5

DairyNZ has two permanent Board Committees; the Audit Risk Committee (ARC) and the People & Culture (P&C) Committee. The ARC assists the Board in fulfilling its governance responsibilities in relation to the Group's management of key strategic and operational risks, policies and procedures for managing and mitigating risks, financial reporting, audit activities, treasury matters, financial risk management and internal control frameworks. The People & Culture assists the Board in fulfilling governance responsibilities in relation to recruitment, retention, remuneration and development of directors, executives and other employees and to promote a safe and healthy working environment.

Directors Remuneration

Remuneration paid during the period was as follows:

	2022
T. Brown	53,602
E. Cook	54,366
J. Coughlan	22,751
C. Glass	50,366
M. Macleod	54,086
J. Rowarth	50,366
P. Schuyt	54,250
J. van der Poel	93,865
M. Devlin	5,242
Associate Directors of DairyNZ	
C. Henderson	5,600
Directors of DairyNZ subsidiaries	
R. Anderson	20,000
H. Blair	21,500
E. Coats	40,000
S. Howse	17,692
S. Montgomerie	20,000
M. Townshend	43,333
	607,019

Employees Remuneration

The following number of employees received remuneration and other benefits (including redundancies) totalling more than \$100,000 during the

SALARY BAND	NUMBER OF EMPLOYEES	
	2022	2021
100,000 - 110,000	17	32
110,000 - 120,000	24	17
120,000 - 130,000	12	11
130,000 - 140,000	11	13
140,000 - 150,000	7	7
150,000 - 160,000	10	8
160,000 - 170,000	6	6
170,000 - 180,000	5	3
180,000 - 190,000	-	2
190,000 - 200,000	2	4
200,000 - 210,000	2	2
210,000 - 220,000	2	2
220,000 - 230,000	1	3
230,000 - 240,000	2	1
240,000 - 250,000	1	1
250,000 - 260,000	2	1
260,000 - 270,000	1	-
270,000 - 280,000	1	2
280,000 - 290,000	1	-
590,000 - 600,000	-	1
600,000 - 610,000	1	-

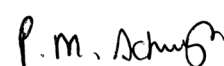
Auditors Remuneration

The following amounts were payable to the auditors of DairyNZ Incorporated and its subsidiaries:

	FOR AUDIT WORK	FOR OTHER SERVICES
KPMG	85,500	10,671



J VAN DER POEL, CHAIRMAN
2 August 2022



P SCHUYT, DIRECTOR
2 August 2022

Statement of Comprehensive Income

For the year ended 31 May 2022

In thousands of New Zealand dollars

Consolidated

	NOTE	2022	2021
Continuing operations			
Revenue and other income	3	81,935	86,002
Operational expenses	4	(79,700)	(76,250)
Profit/(loss) before finance activities		2,235	9,752
Finance income		147	79
Finance expenses		(5)	-
Net finance income	5	142	79
Profit/(loss) before income tax		2,377	9,831
Tax expense	6	-	-
Profit/(loss) for the period		2,377	9,831
Other comprehensive income			
Net change in fair value of available for sale financial assets		339	(69)
Income tax on other comprehensive income		-	-
Other comprehensive income for the period, net of income tax		339	(69)
Total comprehensive income/(loss) for the period		2,716	9,762

Statement of Changes in Equity

For the year ended 31 May 2022

In thousands of New Zealand dollars

	Consolidated			
	CONTRIBUTION BY OWNERS	INVESTMENT FAIR VALUE RESERVE	RETAINED EARNINGS	TOTAL EQUITY
Balance as at 1 June 2020	33,783	(218)	10,547	44,112
Total comprehensive income for the period				
Profit/(loss) for the period	-	-	9,831	9,831
Other comprehensive income				
Net change in fair value of available for sale financial assets	-	(69)	-	(69)
Total other comprehensive income	-	(69)	-	(69)
Total comprehensive income for the period	-	(69)	9,831	9,762
Balance as at 31 May 2021	33,783	(287)	20,378	53,874
Balance as at 1 June 2021	33,783	(287)	20,378	53,874
Total comprehensive income for the period				
Profit/(loss) for the period	-	-	2,377	2,377
Other comprehensive income				
Net change in fair value of available for sale financial assets	-	339	-	339
Total other comprehensive income	-	339	-	339
Total comprehensive income for the period	-	339	2,377	2,716
Balance as at 31 May 2022	33,783	52	22,755	56,590

Statement of Financial Position

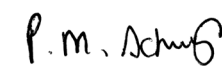
As at 31 May 2022

In thousands of New Zealand dollars

	NOTE	Consolidated	
		2022	2021
Assets			
Property, plant & equipment	7	19,810	20,552
Intangible assets	8	4,753	5,329
Biological assets - livestock	9	1,460	1,420
Investment in associates	18	4,477	4,584
Other investments	10	982	1,253
Total non-current assets		31,482	33,138
Cash and cash equivalents	12	31,261	22,636
Inventories		69	135
Trade and other exchange receivables	11	2,933	2,713
Trade and other non-exchange receivables	11	8,188	10,255
Total current assets		42,451	35,739
Total assets		73,933	68,877
Members' funds			
Contributions received		33,783	33,783
Investment fair value reserve		52	(287)
Retained earnings		22,755	20,378
Total members' funds	16	56,590	53,874
Liabilities			
Employee entitlements	14	198	255
Total non-current liabilities		198	255
Trade and other payables	15	13,165	10,952
Deferred income		1,424	1,620
Employee entitlements	14	2,556	2,176
Total current liabilities		17,145	14,748
Total liabilities		17,343	15,003
Total members' funds and liabilities		73,933	68,877



J VAN DER POEL, CHAIRMAN
2 August 2022



P. M. SCHUYT, DIRECTOR
2 August 2022

Statement of Cash Flows

For the year ended 31 May 2022

In thousands of New Zealand dollars

Consolidated

	NOTE	2022	2021
Net cash from/(used in) operating activities			
Cash provided from:			
Dairy industry good levies		67,530	69,785
Biosecurity response levies collected		44,769	46,799
Other funding		15,942	12,963
Interest income received		147	79
		128,388	129,626
Cash applied to:			
Payments to suppliers and employees		73,423	76,744
Biosecurity response levies paid		44,769	46,799
Interest expense paid		5	-
		118,197	123,543
Net cash from/(used in) operating activities	23	10,191	6,083
Net cash from/(used in) investing activities			
Cash provided from:			
Proceeds from sale of biological assets		184	183
Proceeds from sale of property, plant & equipment		35	135
		219	318
Cash applied to:			
Investments in subsidiaries		-	-
Investments in associates		-	-
Purchase of biological assets		-	-
Acquisition of property, plant & equipment and intangibles		1,785	2,310
		1,785	2,310
Net cash from/(used in) investing activities		(1,566)	(1,992)
Net cash from/(used in) financing activities		-	-
Net increase/(decrease) in cash balances		8,625	4,091
Cash balances at beginning of period		22,636	18,545
Closing cash balances	12	31,261	22,636

Notes to the Financial Statements

For the year ended 31 May 2022

A) Accounting Policies

1. Accounting entity

DairyNZ Incorporated ("DairyNZ") is an Incorporated Society incorporated under the Incorporated Societies Act 1908 and domiciled in New Zealand. DairyNZ's registered office is at the corner of Ruakura Road and Morrinsville Road, Hamilton. These financial statements have been prepared in accordance with the Financial Reporting Act 2013.

DairyNZ is primarily involved in the promotion and funding of dairy industry good activities. Accordingly, DairyNZ has designated itself as a public benefit entity for the purpose of financial reporting.

The consolidated financial statements of DairyNZ as at, and for the year ended 31 May 2022 comprise DairyNZ and subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities.

2. Basis of preparation

i) Statement of compliance

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable Financial Reporting Standards, as appropriate for Tier 1 not-for-profit public benefit entities. The Group qualifies as a Tier 1 reporting entity as total expenses for the Group exceeds \$30 million.

The financial statements were approved by the Directors on 2nd August 2022.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. The accounting policies have been applied consistently to Group entities.

ii) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Biological assets are measured at fair value less point-of-sale costs.
- Available for sale assets are measured at fair value.

iii) Functional and presentation currency

These financial statements are presented in thousands of New Zealand dollars, which is DairyNZ's functional currency.

iv) Use of estimates and judgements

Estimates and judgements are made by management in applying the Group's accounting policies.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant areas involving high levels of estimation or judgement are:

- Note 7 - useful lives and impairment of property, plant and equipment.
- Note 8 - useful lives and impairment of intangible assets
- Note 14 - employee entitlements and long term benefits
- Note 18 - measurement of associates and joint ventures
- Note 22 - recognition of contingent liabilities

v) **New or amended standards adopted in current year and standards issued but not yet effective**

- i) PBE IPSAS 41 'Financial instruments' which was effective for annual periods beginning on or after 1 January 2022. The standard will simplify the mixed measurement model as well as establish three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through financial performance. The Group has assessed the impact of these standards and considers there to be minimal impact on the financial statements.
- ii) PBE IPSAS 48 'Service Performance Reporting' which is effective for annual periods beginning on or after 1 January 2022, introduces requirements for preparation of a Statement of Service Performance. The Group is currently considering the disclosures that will be made.

B) Performance

3. Revenue

Revenue is recognised and measured at the fair value of consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the amount of revenue can be reliably measured.

The following specific recognition criteria in relation to the Group's revenue streams must also be met before revenue is recognised.

i) **Revenue from exchange transactions**

Services

Revenue from services rendered is recognised in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is measured with reference to project milestones.

Other income

Other income comprises of the following;

- **Dividend income** - recognised as income on the date that the Group's right to receive payment is established.
- **Gain/(loss) on disposal of assets** - difference between the carrying value and proceeds from disposal of assets.
- **Movement in fair value of livestock** - movement in the fair value of the asset.
- **Surplus/(deficit) in associates** - recognised as share of surplus/(deficit) in associates.

<i>In thousands of New Zealand dollars</i>		Consolidated	
REVENUE FROM EXCHANGE TRANSACTIONS	2022	2021	
Farm income	2,407	2,099	
Research commercial income	4,293	3,270	
Dairy Training course fees	1,466	1,024	
Other revenue	2,152	4,504	
Total exchange revenue	10,318	10,897	

ii) **Revenue from non-exchange transactions**

Non-exchange transactions are those where the Group receives an inflow of resources (i.e. cash and other tangible or intangible items) but provides no (or nominal) direct consideration in return.

Industry good levy

DairyNZ has the power to raise a levy from dairy industry participants under the Commodities Levies Act 1990. Revenue from the industry good levy is recognised when the levy becomes receivable.

Government grants and funding

Inflow of resources from government grants and funding are recognised as revenue in the period for which the funding received is utilised. Funds that are not utilised as stipulated are either returned, resulting in the recognition of a non-exchange liability or recognised as income in advance to be utilised over future periods.

<i>In thousands of New Zealand dollars</i>		Consolidated	
REVENUE FROM NON-EXCHANGE TRANSACTIONS	2022	2021	
Levy income			
<i>Levy revenue is collected from farmers via the following companies</i>			
Fonterra	53,211	55,415	
Open Country Dairy	6,060	6,251	
Synlait	2,983	3,125	
Westland	2,041	2,303	
Miraka	886	988	
Oceania Dairy	881	835	
Tatua	530	566	
Other Dairy Companies	658	636	
Total levy income	67,250	70,119	
Other funding			
MBIE research funding	1,113	2,760	
Sustainable Farming fund	2,151	2,097	
Other	1,103	129	
Total other funding	4,367	4,986	
Total non-exchange revenue	71,617	75,105	
Total revenue	81,935	86,002	

4. Expenses

Operational expenses by nature

Operational expenses include costs incurred by DairyNZ and its subsidiaries for undertaking research, development and extension activities. These activities are funded through levy investment and government funding.

The following items of expenditure are included in operational expenses:

	Consolidated	
	2022	2021
<i>In thousands of New Zealand dollars</i>		
Amortisation	1,056	1,244
KPMG - audit fees	86	75
KPMG - other services	11	11
Bad debts	-	10
Commodity levy collection fee	336	351
Depreciation	1,467	1,568
Directors' fees (includes directors of subsidiaries)	605	607
Directors' and governance expenses	204	123
Impairment of investments	717	115
Operating leases	493	460
Personnel expenses	27,993	28,641
Professional fees - legal	415	132
Provision for employee entitlements	323	(429)

Impairment of investments

The majority of the 2022 Impairment of investments relates to a reduction in value of Fonterra shares (\$0.61 million).

Research and development

Research and development costs are included in operational expenses. Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised when incurred.

The Group's research and development costs for the period were \$34.20 million (2021; \$33.08 million).

Audit

Other services include tax accounting advice for SDH wintering pad project. (2021; advice on accounting for the Biosecurity response levies and training courses attended by Board and Executive team).

5. Net finance income

	Consolidated	
	2022	2021
<i>In thousands of New Zealand dollars</i>		
Interest income on loans and receivables	147	79
Finance income	147	79
Interest payable on loans and payables	(5)	-
Finance expense	(5)	-
Net finance income	142	79

Finance income

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest rate.

6. Income tax

Income derived from DairyNZ Incorporated and certain subsidiaries is exempt income under Section CW51 of the Income Tax Act 2007.

Income derived from DairyNZ Limited has been granted exemption in accordance with Section CW49 (1) of the Income Tax Act 2007.

C) Net Assets

7. Property, plant and equipment

Consolidated

In thousands of New Zealand dollars

	LAND	BUILDINGS	LEASEHOLD IMPROVEMENTS	FARM DEVELOPMENT	PLANT AND EQUIPMENT	VEHICLES	TOTAL
For the year ended 31 May 2021							
Cost or deemed cost							
Balance at 1 June 2020	13,196	12,788	895	1,321	7,691	3,704	39,595
Additions	-	235	-	130	358	9	732
Disposals	-	-	-	-	(14)	(764)	(778)
Balance at 31 May 2021	13,196	13,023	895	1,451	8,035	2,949	39,549
Depreciation and impairment losses							
Balance at 1 June 2020	146	7,614	869	921	6,034	2,763	18,347
Depreciation for the year	-	529	15	73	573	378	1,568
Reversal of impairment loss	(146)	-	-	-	-	-	(146)
Disposals	-	-	-	-	(9)	(763)	(772)
Balance at 31 May 2021	-	8,143	884	994	6,598	2,378	18,997
Carrying Amount as at 31 May 2021	13,196	4,880	11	457	1,437	571	20,552

For the year ended 31 May 2022

Cost or deemed cost							
Balance at 1 June 2021	13,196	13,023	895	1,451	8,035	2,949	39,549
Additions	-	(5)	-	54	615	61	725
Disposals	-	-	-	-	(8)	(241)	(249)
Balance at 31 May 2022	13,196	13,018	895	1,505	8,642	2,769	40,024
Depreciation and impairment losses							
Balance at 1 June 2021	-	8,143	884	994	6,598	2,378	18,997
Depreciation for the year	-	513	-	71	537	346	1,467
Reversal of impairment loss	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(250)	(250)
Balance at 31 May 2022	-	8,656	884	1,065	7,135	2,474	20,214
Carrying Amount as at 31 May 2022	13,196	4,362	11	440	1,507	295	19,810

i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

ii) Depreciation

Depreciation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

Where assets are purchased for a specific project use, they are depreciated over the life of the project where it is determined that there is no further benefit for the Group.

The estimated useful lives for the current and comparative periods are as follows:

- Buildings - 4-50 years
- Leasehold improvements - Lease period being 1 to 34 years
- Farm development - 5-20 years
- Plant and equipment - 2-12.5 years
- Vehicles - 2-5 years

Depreciation methods, useful lives and residual values are reassessed at each financial year-end.

iii) Land

Land is recorded at cost.

iv) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. As at 31 May 2022, there are no finance leases.

v) Impairment

The carrying amount of all tangible and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The Group recognises any impairment loss in the statement of comprehensive income and the carrying amount of assets are adjusted to the recoverable amount which is the higher of fair value less costs to sell or value in use.

8. Intangible assets

Consolidated

In thousands of New Zealand dollars

	SOFTWARE
For the year ended 31 May 2021	
Cost or deemed cost	
Balance at 1 June 2020	10,845
Additions	1,578
Balance at 31 May 2021	12,423
Depreciation and impairment losses	
Balance at 1 June 2020	5,850
Amortisation for the year	1,244
Impairment loss	-
Disposals	-
Balance at 31 May 2021	7,094
Carrying Amount as at 31 May 2021	5,329
For the year ended 31 May 2022	
Cost or deemed cost	
Balance at 1 June 2021	12,423
Additions	1,061
Balance at 31 May 2022	13,484
Depreciation and impairment losses	
Balance at 1 June 2021	7,094
Amortisation for the year	1,056
Impairment loss	-
Disposals	581
Balance at 31 May 2022	8,731
Carrying Amount as at 31 May 2022	4,753

i) Acquired software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Computer software assets acquired in a non-exchange transaction are measured at fair value. These costs are amortised over their estimated useful lives, being up to five years. The amortisation period and amortisation method is reviewed at each financial year-end.

Software as a Service costs are expensed at the time they are incurred.

ii) Developed software

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include the employee costs incurred as a result of developing software and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised over their estimated useful lives, between 2 to 7 years. The amortisation period and amortisation method is reviewed at each financial year-end.

9. Biological assets

<i>In thousands of New Zealand dollars</i>	Consolidated	
	2022	2021
Balance at 1 June	1,420	1,427
Increase due to acquisitions	-	-
Changes due to sales and natural increases	40	(18)
Change in fair value less estimated point-of-sale costs	-	11
Balance at 31 May	1,460	1,420
Non-current	1,460	1,420
Current	-	-
Number of Livestock held at 31 May	820	880

Biological assets comprise of livestock held by the Group and are measured at fair value less point-of-sale costs.

Point-of-sale costs include all costs that would be necessary to sell the assets. The fair value of livestock is based on the market price of livestock of similar age, breed and genetic make-up.

Risks

The Group is exposed to a number of risks related to its livestock.

i) Regulatory and environmental risks

The Group is subject to laws and regulations in New Zealand. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws.

ii) Climate and other risks

The Group's livestock are exposed to the risk of damage from climate changes, diseases and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular industry pest and disease surveys.

10. Investments

<i>In thousands of New Zealand dollars</i>	Consolidated	
	2022	2021
Available-for-sale financial assets	982	1,253
Balance at 31 May	982	1,253

The Group's investments in equity securities are classified as available-for-sale financial assets within level 1 of the fair value hierarchy as quoted prices in an active market are available. Subsequent to initial recognition, they are measured at fair value by reference to published price quotations and changes therein, other than impairment losses, are recognised directly in equity.

The fair value reserve comprises the cumulative net change in fair value of available-for-sale financial assets until the investment is derecognised or impaired.

Impairment

Equity investments are deemed to be impaired whenever there is a significant or prolonged decline in fair value below the original purchase price. Any subsequent recovery of an impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through the statement of comprehensive income. (For this

purpose prolonged is regarded as any period longer than nine months and significant as more than 20 percent of the original purchase price of the equity instrument.)

11. Trade receivables

<i>In thousands of New Zealand dollars</i>	Consolidated	
	2022	2021
Trade receivables due from related parties	12	61
Other trade receivables	10,991	12,840
Prepayments	118	67
Balance at 31 May	11,121	12,968

i) Recognition and measurement

Trade receivables are initially measured at fair value, then adjusted for any impairment. Trade receivables are stated at amortised cost using the effective interest method, less any impairment losses.

ii) Impairment

For trade receivables which are not significant on an individual basis, collective impairment is assessed on a portfolio basis based on number of days overdue, and taking into account the historical loss experience in portfolios with a similar amount of days overdue.

The recoverable amount of the Group's loans and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate.

iii) Biosecurity response levy receivable

Other trade receivables includes an amount of \$2,551,034 receivable from dairy processors in relation to the May 2022 biosecurity response levy. This amount is also payable to the Ministry for Primary Industries (2021; \$2,737,215).

12. Cash and cash equivalent

<i>In thousands of New Zealand dollars</i>	Consolidated	
	2022	2021
Bank balances	16,261	10,386
Call deposits	15,000	12,250
Cash and cash equivalents	31,261	22,636

Cash and cash equivalents are measured at amortised cost using the effective interest method. The effective interest rate on call deposits in 2022 was 1.35 percent (2021: 0.82 percent). The deposits had an average maturity of 147 days (2021: 126 days).

13. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

<i>In thousands of New Zealand dollars</i>	Consolidated	
	2022	2021
Less than one year	484	459
Between one and five years	1,058	1,202
More than five years	380	279
	1,922	1,940

The Group leases a number of facilities under operating leases. The leases typically run for a period of 3-5 years, with an option to renew the lease after that date. Lease payments are increased periodically to reflect market rentals.

Lease Payments

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

14. Employee entitlements

<i>In thousands of New Zealand dollars</i>	Consolidated	
	2022	2021
Non-current	198	255
Current	2,556	2,176
Balance at 31 May	2,754	2,431

The provision for employee entitlement relates to at-risk incentive provisions, long service leave, accrued annual leave and retirement allowances.

i) Long-term benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is 3.59% which was the 10-year government bond rate bill rate as at 31 May 2022. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in the statement of comprehensive income in the period in which they arise.

ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

iii) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income when they are due.

15. Trade and other payables

	Consolidated	
	2022	2021
Trade payables due to related parties	79	33
Other trade payables	9,981	7,729
Non-trade payables and accrued expenses	3,105	3,190
Balance at 31 May	13,165	10,952

i) Recognition and measurement

Trade payables are recognised at cost when the company becomes obliged to make future payments resulting from the purchase of goods and services. Trade payables are classed as an "other amortised cost financial liability".

ii) Provisions

A provision is recognised if, as a result of a past event the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

16. Members' funds and reserves

DairyNZ's capital is its equity (or members' funds) which comprise retained earnings, fair value reserves and contributions received. Equity is represented by net assets.

DairyNZ manages its revenues, expenses, assets, liabilities, and general financing dealings prudently. DairyNZ's equity is largely managed as a by-product of managing income, expenses, assets, liabilities, and compliance with the Directors instructions.

The objective of managing DairyNZ's equity is to ensure that DairyNZ effectively achieves its goals and objectives for which it has been established, while remaining a going concern.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investment is derecognised or impaired.

The Group is not subject to any externally imposed capital requirements.

The Group's policies in respect of capital management and allocation are reviewed regularly by the Directors.

There have been no material changes in the Group's management of capital during the period.

17. Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Benefits from activities may be both of a financial and non-financial nature. Benefits of a non-financial nature could be if those benefits are meeting the Group's social objectives. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group has the following significant subsidiaries:

NAME	COUNTRY	CLASS OF SHARE	VOTING INTEREST HELD %		BALANCE DATE	PRINCIPAL ACTIVITY
			2022	2021		
DairyNZ Limited	NZ	Ordinary	100	100	31-May	Dairy industry research, development and extension
Dairy Training Limited	NZ	Ordinary	100	100	31-May	Dairy industry training
New Zealand Animal Evaluation Limited	NZ	Ordinary	100	100	31-May	Maintenance of a national breeding index
Dairy Insight (PGGR Consortia) Limited	NZ	Ordinary	100	100	31-May	Greenhouse gas emission research
Insight Genomics Limited	NZ	Ordinary	100	100	31-May	Pastoral genomics ryegrass research
DairyNZ Accreditation Limited	NZ	Ordinary	100	100	31-May	Accreditation of dairy industry services

i) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

18. Joint ventures and associates

a) Joint ventures

In thousands of New Zealand dollars

	PASTORAL GREENHOUSE GAS RESEARCH CONSORTIUM	PASTORAL GENOMICS LTD	TOTAL (SHAREINJOINT VENTURE)
For the year ended 31 May 2021			
Ownership	27.06%	49.66%	
Current assets	638	622	1,260
Non-current assets	-	-	-
Total assets	638	622	1,260
Current liabilities	144	414	558
Non-current liabilities	-	-	-
Total liabilities	144	414	558
Revenues	596	1	597
Expenses	(1,891)	(42)	(1,933)
Profit/(loss)	(1,295)	(41)	(1,336)
For the year ended 31 May 2022			
Ownership	27.25%	49.66%	
Current assets	89	-	89
Non-current assets	-	-	-
Total assets	89	-	89
Current liabilities	69	-	69
Non-current liabilities	-	-	-
Total liabilities	69	-	69
Revenues	110	0	110
Expenses	(583)	(142)	(725)
Profit/(loss)	(473)	(142)	(615)

Joint ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Joint ventures are accounted for using the proportionate consolidation method whereby the Group's share of each of the assets, liabilities, income and expenses of a jointly controlled entity is combined line by line with similar items in the Group's financial statements. The liabilities recognised include the Group's share of those liabilities for which the Group is jointly liable.

b) Associates

In thousands of New Zealand dollars

SDH GP LTD	
For the year ended 31 May 2021	
Ownership	37.50%
Current assets	1,559
Non-current assets	6,342
Total assets	7,901
Current liabilities	2,754
Non-current liabilities	563
Total liabilities	3,316
Revenues	142
Expenses	(257)
Profit/(loss)	(115)
Value of investment	4,585
For the year ended 31 May 2022	
Ownership	37.50%
Current assets	1,384
Non-current assets	6,252
Total assets	7,636
Current liabilities	3,159
Non-current liabilities	-
Total liabilities	3,159
Revenues	145
Expenses	(253)
Profit/(loss)	(108)
Value of investment	4,477

Equity accounted associates

Associates are those entities in which the Group has significant influence, but not control, over the financial operating policies. Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees.

OsPRI Limited (associate)

DairyNZ has a 45.45% shareholding in OSPRI Limited which was established on 30 May 2013. This company operates the national animal identification and tracking scheme for cattle and deer.

OSPRI Limited is an associate however is not equity accounted as it is a charitable entity - registration number CC49247. DairyNZ will not receive any future tangible financial benefit from OSPRI Limited or be entitled to any distributions on winding up.

D) Other disclosures**19. Financial instruments****Risks**

Exposure to currency, interest rate and credit risk arises in the normal course of the Group's business. Derivative financial instruments are used as a means of reducing exposure to fluctuations in foreign exchange rates and interest rates. While these financial instruments are subject to the risk of market rates changing subsequent to acquisition, such changes would generally be offset by opposite effects on the items being hedged.

i) Credit risk

Credit risk is the risk that the counterparty to a transaction with the Group will fail to discharge its obligations, causing the Group to incur a financial loss. The Group is exposed to credit risk through the normal trade credit cycle and advances to third parties. No collateral is required in respect of financial assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Reputable financial institutions are used for investing and cash handling purposes. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position.

The status of trade receivables at the reporting date is as follows:

	Consolidated			
	GROSS RECEIVABLE 2022	IMPAIRMENT 2022	GROSS RECEIVABLE 2021	IMPAIRMENT 2021
Trade receivables				
Not past due	9,860	-	12,320	-
Past due 0-30 days	524	-	330	-
Past due 31-120 days	566	-	129	-
Past due 121-360 days	53	-	122	-
Past due more than 1 year	-	-	-	-
Balance at 31 May	11,003	-	12,901	-

ii) Market risk**a) Foreign currency risk**

Foreign currency risk is the risk that the value of the Group's assets and liabilities will fluctuate due to changes in foreign exchange rates. The Group has no current exposure to foreign currency risk.

b) Interest rate risk

Interest rate risk is the risk that the value of the Group's assets and liabilities will fluctuate due to changes in market interest rates. The Group is exposed to interest rate risk primarily through its cash balances.

In thousands of New Zealand dollars

Consolidated

	2022			2021		
	BALANCE	MATURITY DATE	EFFECTIVE INTEREST RATE	BALANCE	MATURITY DATE	EFFECTIVE INTEREST RATE
Short Term Deposit	5,000	13/06/2022	1.25%	4,500	21/06/2021	0.65%
Short Term Deposit	5,000	7/07/2022	1.63%	3,000	25/06/2021	0.59%
Short Term Deposit	5,000	30/09/2022	2.47%	4,750	25/08/2021	0.50%
	15,000			12,250		
Average effective interest rate			1.78%			0.58%

Sensitivity analysis

In managing cash flows, the Group aims to reduce the impact of short-term fluctuations on the Group's earnings by investing in short term deposits. Over the longer-term, however, permanent changes in interest rates will have an impact on profit. A decrease in interest rates of one percent would reduce interest income by \$223,471 (2021; \$159,545). Cash deposits made on DairyNZ's behalf are made only with New Zealand registered banks with an appropriate credit rating.

20. Capital commitments

As at 31 May 2022, DairyNZ Group has capital commitments totalling \$379,994. These include development of the NZAEL State-of-the-Art 3.5 Evaluation Model (\$20,000), Quality Data (\$258,023), and other plant & equipment (\$101,971). (2021; \$437,235).

21. Committed funds

The Group is contracted to provide funds to a number of projects on a multiyear basis, in exchange for services provided, however, certain conditions in the contract must be met annually before the funds are paid out. Funds committed for future projects which are subject to certain conditions being met are as follows:

In thousands of New Zealand dollars

Consolidated

	2022	2021
Less than one year	19,545	16,721
Between one and five years	48,658	59,568
More than five years	25	-
	68,228	76,289

22. Contingent liabilities

The Group recognises a contingent liability when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

In thousands of New Zealand dollars

Consolidated

	2022	2021
Less than one year	-	-
Between one and five years	-	-
More than five years	-	-
	-	-

23. Reconciliation of the profit for the period with the net cash from operating activities

In thousands of New Zealand dollars

Consolidated

	2022	2021
Profit/(loss) for the period	2,377	9,831
Adjustments for:		
Depreciation	1,467	1,568
Amortisation of intangible assets	1,056	1,244
Net change in fair value of biological assets	(224)	(176)
Gain on sale of fixed assets	(35)	(130)
Loss on sale of fixed assets	-	-
Impairment of intangible assets	581	-
Impairment reversal of fixed assets	-	(146)
Impairment of investment in joint ventures and associates	718	115
	3,563	2,475
Change in inventories	67	(30)
Change in trade receivables	1,847	(2,459)
Change in trade and other payables	2,014	(3,305)
Change in provisions and employee benefits	323	(429)
	4,251	(6,223)
Net cash from operating activities	10,191	6,083

24. Related parties

Parent and ultimate controlling party

The immediate parent and controlling party of the Group is DairyNZ Incorporated.

Transactions with key management personnel

Key management personnel compensation comprised:

In thousands of New Zealand dollars

Consolidated

	2022	2021
Employee benefits - short term	3,399	2,879
	3,399	2,879

DairyNZ Directors also act as Directors and are Shareholders of the following various entities, with which the Group transacts with as part of ordinary business:

J. Coughlan	None.
J. Rowarth	Director of Ravensdown Limited. Shareholder of Fonterra Co-operative Limited, Livestock Improvement Corporation Limited and Ravensdown Limited.
E. Cook	Shareholder of Farmlands and Ravensdown Limited.
J. van der Poel	Shareholder of Fonterra Co-operative Limited, Livestock Improvement Corporation Limited, Ravensdown Limited and Ballance Agri-Nutrients Limited.
P. Schuyt	Director of Tatua Co-operative Dairy Company Limited.
C. Glass	Director of Pasture Conferences Limited and CEO of Dairy Holdings Limited. Shareholder of Fonterra Co-operative Limited, Livestock Improvement Corporation Limited and Ravensdown Limited.
T. Brown	Shareholder of Fonterra Co-operative Limited, Livestock Improvement Corporation Limited and Ballance Agri-Nutrients Limited.
M. Macleod	Director of the National Institute of Water and Atmospheric Research (NIWA)
M. Devlin	None.

Other related party transactions

DairyNZ enters into funding and investment transactions (programme expenses) with its subsidiaries, associates and joint ventures in the ordinary course of business.

In thousands of New Zealand dollars

	TRANSACTION VALUE		BALANCE OUTSTANDING	
	2022	2021	2022	2021
Pastoral Greenhouse Gas Research Consortia	-	800	400	400
Tbfree NZ Ltd (Ospri)	14,500	14,500	1,390	1,390
	14,500	15,300	1,790	1,790

Other related party transactions

All transactions and outstanding balances with these related parties are to be settled in cash within six months of the reporting date. None of the balances are secured.

In thousands of New Zealand dollars

	TRANSACTION VALUE		BALANCE OUTSTANDING	
	2022	2021	2022	2021
National Institute of Water and Atmospherics Limited (NIWA)	109	179	-	6
Pastoral Greenhouse Gas Research Consortia (joint venture)	31	72	-	6
Ravensdown Limited	-	1	-	1
Southern Dairy Hub (associate)	10	10	12	12
Southern Demonstration and Research Farm Limited	3	-	-	-
	153	262	12	25

In thousands of New Zealand dollars

	TRANSACTION VALUE		BALANCE OUTSTANDING	
	2022	2021	2022	2021
Ballance Agri-Nutrients Limited		151	38	17
National Institute of Water and Atmospherics Limited (NIWA)		321	-	4
Pasture Conferences Ltd	2	-	-	-
Ravensdown Limited	3	10	-	-
Southern Demonstration and Research Farm Limited	384	250	41	22
	751	732	79	43

25. Subsequent events

There were no subsequent events that have occurred since balance date.

26. Other disclosures

i) Biosecurity response levy

DairyNZ acts as an agency that collects Biosecurity Response Levies from milk processors and passes them on to MPI in the month of collection. All Biosecurity Response Levy cash collected and paid is accounted for in the balance sheet and is clearly disclosed in the Statement of Cashflows. DairyNZ choose not to retain a commission for their services with regards to the collection and payment of the Biosecurity Response Levy, therefore there is no impact on the Statement of Comprehensive Income.

Income & Expenditure Plan 2022/23

	2023 BUDGET	2022 ACTUAL	MOVEMENT
Revenue			
Milksolids levy	68,656	67,250	1,406
MBIE Partnership	992	1,113	(121)
Other income	12,339	13,719	(1,380)
	81,987	82,082	(95)
Operational Expenses			
Auditors remuneration	74	69	(5)
Building costs	973	917	(56)
Commodity levy collection fee	343	336	(7)
Computing costs	2,190	1,996	(194)
Depreciation and amortisation	3,563	2,523	(1,040)
Directors fees	479	605	126
Directors governance expenses	236	407	171
External services (legal)	86	415	329
Office costs	221	361	140
Other operating costs	4,231	5,132	901
Operating Leases	463	493	30
Personnel expenses	31,126	27,993	(3,133)
Provider services and sub-contracts	37,790	37,457	(333)
Repairs and maintenance	388	439	51
Travel costs	981	562	(419)
Total operational expenses	83,144	79,705	(3,439)
Profit/(Loss) before income tax	(1,157)	2,377	(3,534)

In thousands of New Zealand dollars

As part of operational expenses	2023 BUDGET	2022 ACTUAL	MOVEMENT
Levy funds investment by focus area			
Increase profit and reduce footprint	13,955	12,367	(1,588)
Competitiveness, responsible & resilient	34,698	29,696	(5,002)
Build capability of people	7,113	5,956	(1,157)
Engage better with levy payers	11,931	10,711	(1,220)
Build trust and pride	3,486	3,697	211
Total investment expenses	71,183	62,427	(8,756)



Projects 2021/22

The following section summarises DairyNZ investment into projects according to the focus areas under our strategy. Additionally, there are other investments made into this by our partners which are not included in this report.

FOCUS AREA 1

Increase profit and reduce environmental footprint while caring for animals on-farm

Selwyn Hinds (Priority Catchment)

This project supports farmers in Selwyn and Hinds to meet nitrogen loss requirements, while maintaining profitable and resilient businesses.

Provider: DairyNZ
Funding: \$198,014 (excluding GST)

Solutions for Collective Action

This project supports farmers in priority catchments to meet environmental regulations, including greenhouse gas and water quality requirements, while maintaining profitable and resilient farm businesses.

Provider: DairyNZ
Funding: \$110,419 (excluding GST)

Plantain Potency & Practice

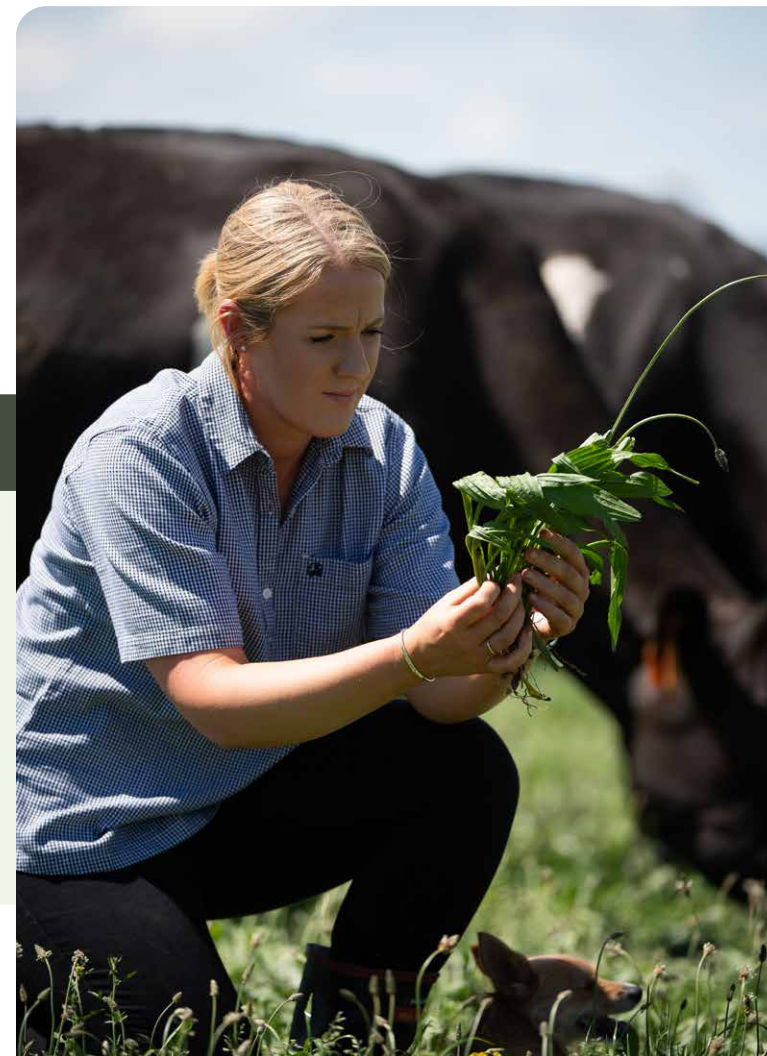
The Plantain Sustainable Farming Fund (SFF) Futures Partnership is developing the potential of plantain (Ecotain environmental plantain) in reducing nitrate leaching, as a profitable and scalable solution to help farmers meet government environmental policy goals.

Provider: DairyNZ
Funding: \$1,598,598 (excluding GST)
This project is co-funded by MPI.

Tararua Plantain Rollout Project

Research shows the use of plantain within farm systems can reduce nitrogen leaching. Recognising the benefits of plantain, DairyNZ is coordinating a seven-year project to encourage farmers in the Tararua region to incorporate the plant into their farm system. As a mitigation option, plantain will allow individual farmers to move towards achieving Horizon Regional Council's One Plan Land Use Consent, and increase farm business resilience.

Provider: DairyNZ
Funding: \$778,886 (excluding GST)
This project is co-funded by MPI.



Animal Care Consults

The Animal Care Consults project will help monitor and measure how the sector is performing against a variety of animal care standards.

Provider: DairyNZ
Funding: \$85,102 (excluding GST)

Baseline

This project alerts stakeholders to any developing financial impacts on the performance and viability of dairy farming as a result of increases in environmental regulation.

Provider: DairyNZ
Funding: \$383,587 (excluding GST)
This project was co-funded by MPI.

DairyBase

DairyBase is the New Zealand dairy sector's platform for the analysis, storage and comparison of standardised dairy farm data. This project provides individual farm financial, physical and benchmark reporting to farmers as well as for industry good. The service allows farmers to track their individual farm performance over time, and against regional and peer groups.

Provider: DairyNZ
Funding: \$1,001,070 (excluding GST)

C1 Dairy Tomorrow

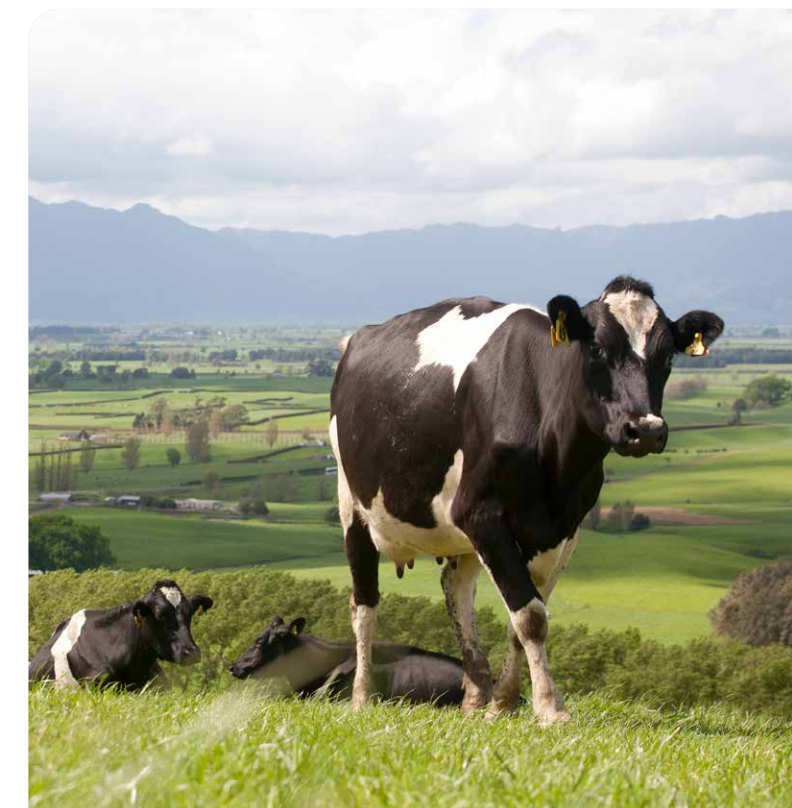
This project explores new ways in which dairy farmers can manage their risks to waterways. It commits the dairy sector to the management of water quality, based on the risks posed by each dairy farm, and actions to address the most significant catchment water quality issues.

Provider: DairyNZ
Funding: \$524,250 (excluding GST)

Dairy Stats (LIC)

Dairy Statistics provides a range of statistical analyses on current, historic and emerging trends in the New Zealand dairy industry.

Provider: LIC
Funding: \$72,000 (excluding GST)



Climate Change

DairyNZ has been working constructively with farmers, sector partners, stakeholders and Government to ensure initiatives designed to manage agriculture's emissions profile are practical, pragmatic, and fair. This has included supporting the He Waka Eke Noa partnership, policy and advocacy, and building a body of evidence to support the Climate Change Commissions review of methane reduction targets in 2024.

Provider: DairyNZ
Funding: \$1,831,549 (excluding GST)

He Waka Eke Noa

The Primary Sector Climate Action Partnership, He Waka Eke Noa, is a world first partnership between 13 industry partners, established in response to the government's proposal to price agricultural greenhouse gas emissions through the New Zealand Emissions Trading Scheme (NZ ETS).

Provider: DairyNZ
Funding: \$382,963 (excluding GST)

Government Regulations

This funding is used to support DairyNZ's response to changing government regulations that were not anticipated at the time of budget setting. In the last 12 months this has included advocacy work on changes to the Animal Welfare Code and Resource Management Act (RMA) reforms.

Provider: DairyNZ
Funding: \$35,493 (excluding GST)

National Wintering

This project takes a regional approach working with farmers, sector, and supporting partners to assist in the adoption of national good farming practices for water quality and animal care.

Provider: DairyNZ
Funding: \$283,630 (excluding GST)

Southern Dairy Hub Participatory Research

This project takes an integrated approach, focusing on achieving water quality outcomes while improving farmer understanding of the impact of farm systems, and options to reduce greenhouse gas emissions.

Provider: DairyNZ
Funding: \$81,915 (excluding GST)

Southern Wintering (Good Farming Practice)

This project addresses concerns over the impact of crop based wintering on animal welfare and the environment. Increasing farmer awareness and adoption of good wintering practices is also a key goal.

Provider: DairyNZ
Funding: \$168,139 (excluding GST)

Healthy Waterways (science)

This work supports environmental, regulatory, cultural, and economic challenges facing the dairy sector, by supporting the overall outcomes for Healthy Waterways.

Provider: DairyNZ
Funding: \$851,397 (excluding GST)

Southern Wintering (infrastructure)

This project will take an innovative, cost-effective wintering system into a full on-farm trial. The three-phase project is researching two concepts for uncovered structures where cows are kept during winter.

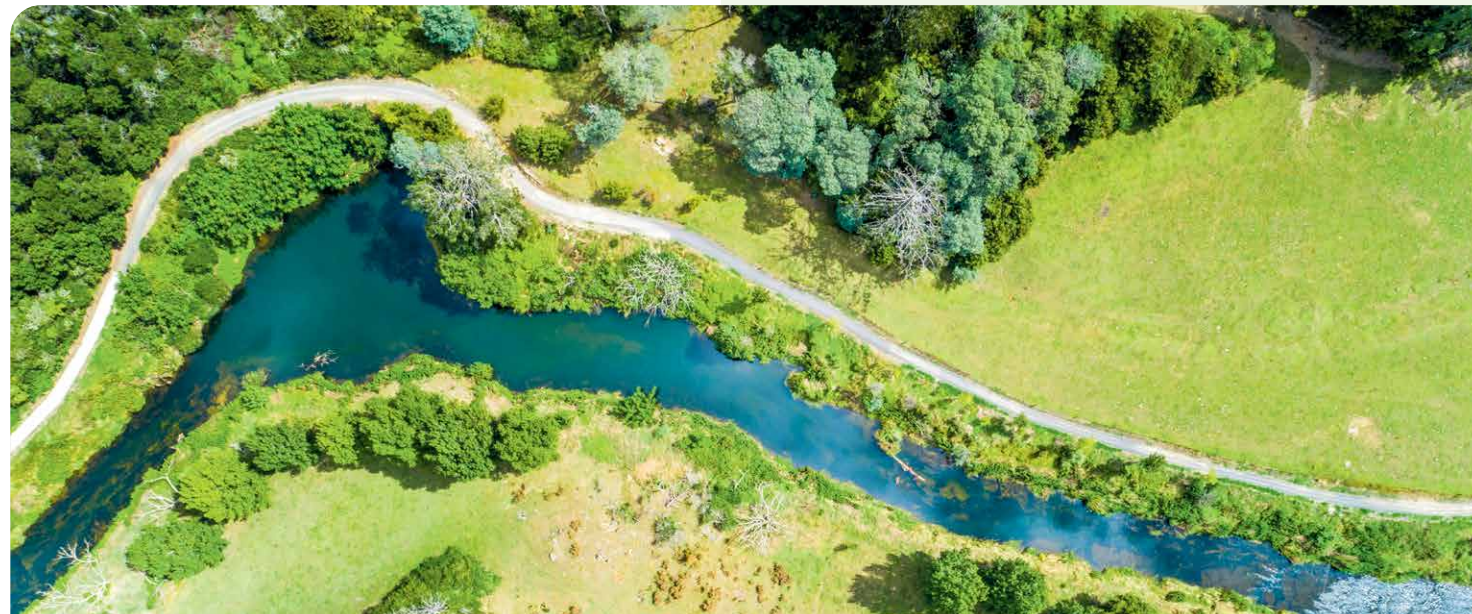
Provider: DairyNZ
Funding: \$115,849 (excluding GST)
This project is co-funded by MPI.

Step Change - Engagement & Extension

DairyNZ has a goal to ensure dairy farmers have farm systems that are financially and environmentally sustainable to protect their future, and the future of our sector. Step Change is a five-year project aiming to equip farmers to take action to reduce environmental footprint while increasing profitability.

The overall target by 2025 is that farm businesses remain profitable while transitioning to meet environmental obligations.

Provider: DairyNZ
Funding: \$953,806 (excluding GST)



FOCUS AREA 2

Develop future farm systems and sector scale solutions

Deep South

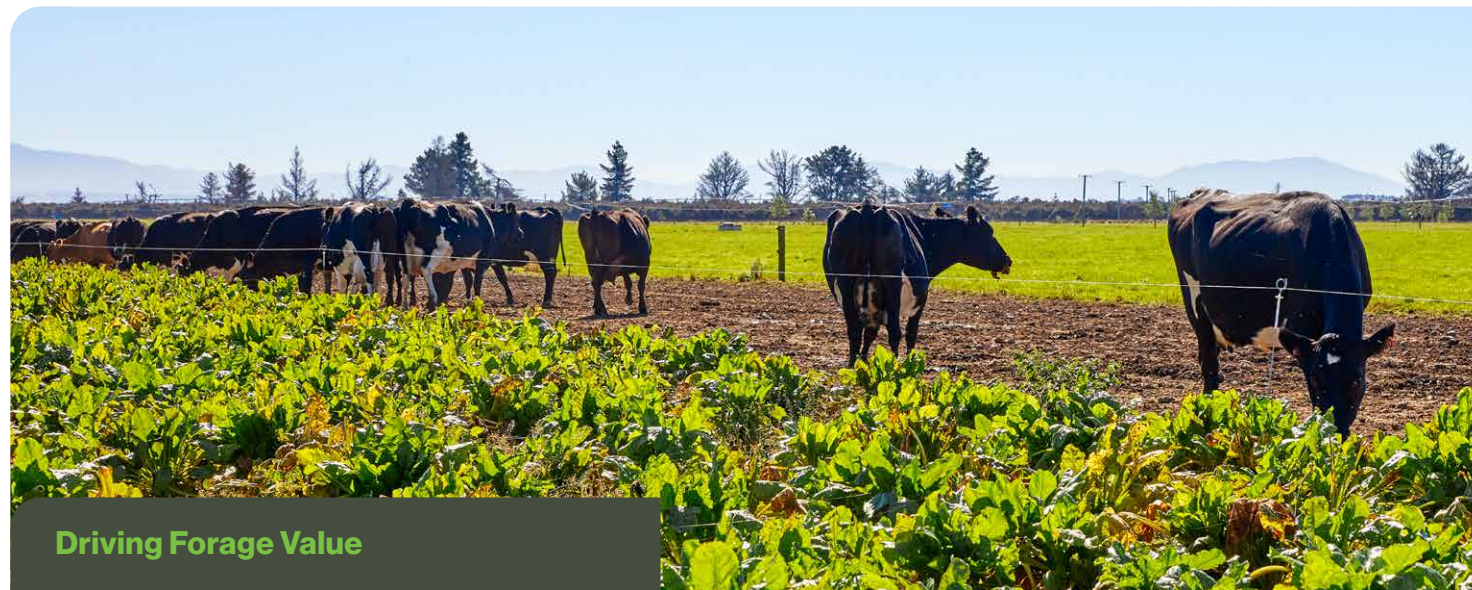
DairyNZ is co-funding a project with Deep South National Science which aims to better understand the impacts of climate change. Led by Lincoln University, this project also seeks to understand the costs of these impacts and the most efficient, effective and equitable ways to adapt to these impacts.

Provider: Lincoln University
Funding: \$145,029 (excluding GST)

Hybrid Grasses

This project aimed to develop a complete technology package, including parent lines and heterosis maps of hybrid grasses for commercial plant breeders to adopt. Research work has been completed and plants are now being tested in New Zealand.

Provider: Dairy Australia
Funding: \$ 576,537 (excluding GST)



Driving Forage Value

DairyNZ is addressing the key challenges to the regional resilience of our forage base and systems due to changing climate. The Forage Value operations workstream maintains the Forage Value Index (FVI), an independent, region specific, profit-based index for short-term and perennial ryegrass cultivars. The annual updates delivered via the Cultivar Selector Tool allows farmers to select ryegrass cultivars to maximise on-farm profitability within regions. The evaluation system also sends clear signals to plant breeders about which traits are important to dairy farmers and the economic value of changes in trait values.

DairyNZ's measure of success is to produce credible evidence that gains in forage performance can contribute at the rate of \$30/ha/year through Profit from Productivity (PfP) by 2030.

Provider: DairyNZ
Funding: \$1,957,553 (excluding GST)

Animal-centric Farm Systems

There is increasing focus by consumers on the use of animals in food production. The outcomes of this project will enable improved management decisions and animal welfare outcomes and benchmarking of New Zealand farm systems that determine if dairy animals experience a good life.

Provider: DairyNZ
Funding: \$173,978 (excluding GST)

New Zealand Bioeconomy in the Digital Age

DairyNZ is co-funding this AgResearch project, examining how digital technology can enhance farm design and management to enable improved outcomes for animals.

Provider: AgResearch
Funding: \$550,000 (excluding GST)

Competitive Insights

This project determines the trajectories (market preferences and production systems) of New Zealand and global dairy industries.

Provider: DairyNZ
Funding: \$157,731 (excluding GST)

Frontier Farms

The Frontier Farms project supports our dairy farmers to be world leading. By analysing and comparing the performance of international and New Zealand dairy systems to understand the changes needed to remain competitive, Frontier Farms will demonstrate how New Zealand farms can adapt to respond to competitor dairy farming models.

Provider: DairyNZ
Funding: \$192,665 (excluding GST)

Future Proofing Dairying in Taranaki

This project investigates the cost of transitioning into an autumn calving system, and how an autumn calving system can be optimised. The Dairy Trust Taranaki Kavanaugh farm will compare the production, profitability and human impact of a traditional spring calving herd with an autumn calving herd.

Provider: Dairy Trust Taranaki
Funding: \$250,000 (excluding GST)

Taranaki Diverse Pastures

Dairy Trust Taranaki (DTT) is conducting a farmlet study over a seven-year period to assess the economic and environmental impact of diverse pastures as part of the regenerative farming programme on a dairy farming system. A partner farm network will be monitored by DairyNZ which will include farmers making change to regenerative farming practices.

Provider: Dairy Trust Taranaki
Funding: \$25,000 (excluding GST)

Future Dairy Farming Systems for Northland

New Zealand farmers will need to adapt to a warming climate and reduce greenhouse gas (GHG) emissions. This project will test the profitability and environmental impact of three potential future dairy farm systems by conducting a farm systems experiment in Northland. Data will provide evidence-based information to support farmer adaptation.

Provider: NDDT
Funding: \$140,000 (excluding GST)

International Dairy Federation (IDF)

The New Zealand National Committee of the International Dairy Federation (IDF) is the national body responsible for coordinating and managing New Zealand dairy sector input and influence on issues relating to the IDF.

Provider: IDF
Funding: \$150,000 (excluding GST)

Dairy Calf Opportunities

Dairy farmers are increasingly looking for alternative options for bobby calves, in line with consumers' changing expectations of animal care and ethical farming practices. This programme develops a cross-sector partnership to design and implement a long-term strategy and transition plan, to reduce the number of calves born. This will support the industry commitment to be world leading in animal care, ensuring all calves born on our farms have a productive life.

Provider: DairyNZ
Funding: \$207,016 (excluding GST)

Catchment Level Solutions

This project is one of three interdependent projects identifying viable solutions at scale that better enable dairy farmers to go beyond expected water quality targets.

Provider: DairyNZ
Funding: \$163,495 (excluding GST)

Farm System Modelling

Farm Systems Modelling plays an important role in mitigation modelling, including the stacking of mitigations at the farm scale. This project is one of three interdependent projects to identify viable solutions at scale that better enable dairy farmers to go beyond expected water quality targets.

Provider: DairyNZ
Funding: \$223,261 (excluding GST)

National Level Solutions

National Level Solutions focuses on the development and application of catchment and national level models to research opportunities for growing value whilst considering biodiversity, economics and greenhouse gas emissions. This project is one of three interdependent projects to identify viable solutions at scale that better enable dairy farmers to go beyond expected water quality targets.

Provider: DairyNZ
Funding: \$193,417 (excluding GST)

Forages for Methane Reduction

Using published literature and global databases, this project will identify feeds that may reduce methane emissions, focussing on those applicable to grazing dairy systems. The results will support a bid to fund a larger project evaluating the use of forages and supplements to reduce enteric methane production.

Provider: DairyNZ
Funding: \$9,042 (excluding GST)

Future Methane Solutions

Future Methane Solutions aims to identify and prioritise the assessment and testing of new or existing methane reducing technologies that may benefit New Zealand pasture-based systems.

Provider: DairyNZ
Funding: \$66,157 (excluding GST)

Information on Dairy Farming Systems

The goal of this project is to generate information that can help improve the estimation of greenhouse gas emissions (GHG) from dairy cattle. By considering regional differences in the amount and type of feed used on dairy farms, this information can benefit dairy farmers by considering the use of feed with lower GHG emissions than the default one (pasture).

Provider: DairyNZ
Funding: \$87,000 (excluding GST)

Sustainable Use of Fodder Beet

This project addresses animal welfare risks associated with new systems and technologies for environmental management. It is supported by the Sustainable Farming Fund and PGG Wrightson Seeds.

Identifying the health and lifetime productivity risks of feeding fodder beet to dairy cows is an important objective of this project, as well as providing recommendations for appropriate feeding strategies to mitigate these risks.

Provider: DairyNZ
Funding: \$79,355 (excluding GST)
This project is co-funded by MPI.

Life-Long Methane Reduction

Designing cost-effective, adoptable on-farm solutions for an early-life methane inhibitor in dairy and beef cattle is the key focus for this project. Data generated from proposed animal experiments, and existing knowledge on New Zealand's current calf rearing practices, will support farmers and stakeholders towards widespread adoption of this technology on farm.

Provider: DairyNZ
Funding: \$456,745 (excluding GST)

On-farm delivery of Methane Inhibitors

Co-funded by New Zealand Agricultural Greenhouse Gas Research Centre (NZAGRC), this work aims to develop an effective method for the delivery of methane inhibitors to grazing cattle to reduce methane emissions on farm, and to evaluate the adoption potential of this technology.

Provider: DairyNZ
Funding: \$114,683 (excluding GST)

Massey Dairy Chair

This project is a co-investment by DairyNZ with Massey University to provide joint funding for a Professor of Dairy Production Systems based at Massey University.

Provider: Massey
Funding: \$90,000 (excluding GST)

Optical N Sensing

Concluded in June 2022, this work supported the introduction and adoption of canopy sensing technology for Variable Rate Application of nitrogen (VRA-N) fertiliser on grazed dairy pastures.

Provider: Lincoln Agritech
Funding: \$35,000 (excluding GST)

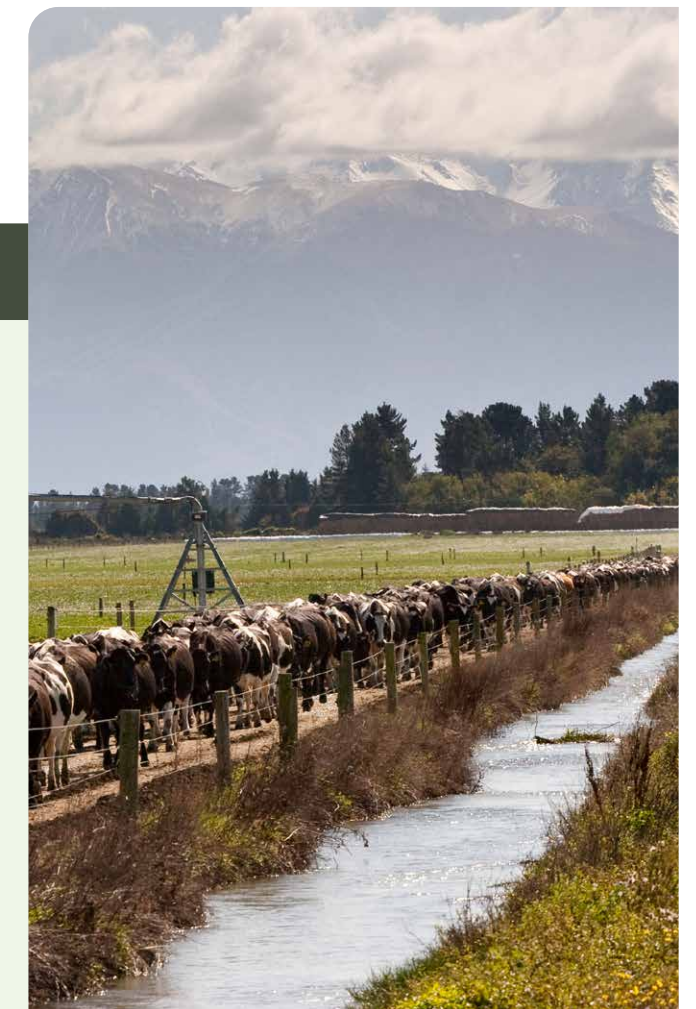
Low N Systems

Researchers at DairyNZ, AgResearch, Lincoln University, Fonterra, CRV, AbacusBio and Massey University are collaborating in this partnership* to deliver practical solutions to improve freshwater quality and reduce nitrogenous greenhouse gas emissions from dairy farm systems.

This research will enable farmers to respond effectively to changes in farm nitrogen status, and farm management options to significantly reduce nitrogen losses from dairy animal urine.

**Programme is funded by DairyNZ, MBIE, Fonterra and CRV.*

Provider: DairyNZ
Funding: \$1,153,882 (excluding GST)
This project is co-funded by MPI.



Strong Biosecurity Institutions

DairyNZ's biosecurity programme aims to deliver a better future by ensuring current and future biosecurity risks to the dairy sector are properly understood by relevant stakeholders. It also focuses on ensuring appropriate readiness and response systems are in place at farm, industry, and national level.

Provider: DairyNZ

Funding: \$486,253 (excluding GST)

Pillars of a New Dairy System

This eight year DairyNZ and MBIE partnership concluded in 2021, having delivered innovative management and genetic solutions to improve the fertility, health and longevity of New Zealand dairy cows.

Provider: DairyNZ

Funding: \$229,989 (excluding GST)

This project is co-funded by MPI.

Resilient Dairy

Driving improvement in the health and wellbeing of the national herd, and increasing the rate of genetic gain is the focus for Resilient Dairy project. DairyNZ will also lead work to deliver a national genomic evaluation system incorporating all relevant genotypes and phenotypes as part of the project.

Provider: DairyNZ

Funding: \$586,259 (excluding GST)

Southern Dairy Hub Farm Systems

A key goal of Southern Dairy Hub Farm Systems was to test if crop choice (kale or fodder beet) and nitrogen fertiliser management (185 or 50 kg N/ha/annum) could reduce the nitrogen footprint on a Southland farm by 30 percent and improve profit compared to existing practice. Farmer engagement in the project aimed to facilitate a better understanding of the key drivers of nutrient loss on their farms, and the potential mitigations available. Four farm systems, two based on kale wintering and two based on fodder beet wintering, were part of the project. The 30 percent reduction target for nitrate leaching was achieved in the lower impact fodder beet system, but not with increased profitability compared with existing practice.

Provider: DairyNZ

Funding: \$1,087,873 (excluding GST)

TB National Pest Management Strategy – TB Free

This investment aims to control the spread of Tuberculosis (TB) through disease management by detecting TB within herds through an extensive testing programme. It also completes wild animal (vector) control to eliminate TB from wildlife and movement control to minimise the risk of infection between herds.

Provider: OSPRI

Funding: \$14,500,000 (excluding GST)

Facial Eczema (FE) Monitoring Sponsorship

DairyNZ sponsorsASUREQuality to support the ongoing monitoring of FE spore counts through the summer/autumn risk period. This ensures farmers have up-to-date data for their region to assess their farm's risk and employ management strategies in a timely manner to ensure optimal animal health.

Provider: DairyNZ

Funding: \$25,000 (excluding GST)

Ruminant Greenhouse Gas (RGP) Partnership

Each year, DairyNZ co-funds RGP projects whose focus will be directly beneficial to the dairy sector. In 2022 these projects included further development of a safe vaccine to reduce methane yields from ruminant livestock, and development of methane inhibitors that stop methanogens (the microbes that produce methane) from working in the rumen.

Provider: DairyNZ

Funding: \$545,000 (excluding GST)

Dairy Biosecurity Risk Identification & Evaluation Framework (DBRIEF)

DBRIEF's purpose is to help DairyNZ assess the highest biosecurity risks for our sector.

Its outputs will be used strategically by DairyNZ to work with government and other sector partners to make more informed decisions around preventing, preparing for, and responding to biosecurity incursions.

DBRIEF was an awards finalist in the 2021 New Zealand Biosecurity Awards, recognising dairy farmers' contribution and leadership in strengthening New Zealand's biosecurity system.

Provider: DairyNZ

Funding: \$200,767 (excluding GST)



NZAEL Operations

Genetic gain in dairy cattle has helped deliver higher productivity and profitability to farmers. The NZAEL owned Breeding Worth (BW) system provides a measure for genetic gain, which is delivered to farmers by bull breeders and animal breeding companies. Maintaining and improving the BW system and the underpinning phenotypic data, genetic research and delivery systems is vital to achieve sector targets, especially in profitability.

The project ensures NZAEL applies robust and world-leading science to animal evaluation to ensure optimal rates of genetic gain are achievable, and we are continuing to challenge ourselves to improve the quality and value of the information produced by NZAEL.

Provider: DairyNZ

Funding: \$3,492,000 (excluding GST)

FOCUS AREA 3

Build capability of people on farm

Class Exception

During the 2021/22 year, DairyNZ took on the role of Implementation Partner to the Dairy Class Border Exception. This Exception resulted in 768 international dairy employees being nominated to cross the closed New Zealand border to support the stretched sector.

Provider: DairyNZ
Funding: \$192,450 (excluding GST)

Workforce Policy & Advocacy

The Workforce Policy and Advocacy project will connect with farmers, regional teams and dairy sector stakeholders, including government, to ensure farmers' workforce needs are understood and are at the core of DairyNZ decision making. We will use credible data to influence policy towards achieving fair and effective outcomes for farming.

Provider: DairyNZ
Funding: \$133,018 (excluding GST)

Workforce Resilience Plan

The Workforce Resilience Plan is an opportunity to maximise the effectiveness and resources of the sector through joint development of a plan led by DairyNZ, which will enable our sector to be more resilient to outside influence on our workforce needs.

Provider: DairyNZ, MPI
Funding: \$431,272 (excluding GST)

People Pipeline

The pipeline of people into work on dairy farms covers secondary schools, tertiary education, career changers and international workers. This project will engage at all these levels, focusing on those people who have taken a positive step towards dairy.

Provider: DairyNZ
Funding: \$985,307 (excluding GST)



Partnerships for Change

This project will identify key partnerships that assist with farmer capability building. Developing a referral system that strengthens the relationship between DairyNZ, rural professionals, and their professional development bodies will be an important measure of the success of this project.

Provider: DairyNZ
Funding: \$268,484 (excluding GST)

Supporting Business Models

This project aims to establish and implement DairyNZ's role in supporting clear pathways for people to enter and exit the dairy industry.

Provider: DairyNZ
Funding: \$86,250 (excluding GST)

Agri-Womens Development Trust WDT Escalator

This project aims to accelerate progress and positive change in the dairy sector by linking isolated, rural communities into connected, positive leadership models where other leadership training is not available.

Provider: AWDT
Funding: \$50,000 (excluding GST)

CoE Agribusiness Programme

The Centre of Excellence for Agricultural Science and Business™ Programme aims to develop and deliver an education programme to New Zealand secondary schools that meets the industry's long-term need to develop skilled and motivated young people for a sustainable future.

Provider: St Pauls
Funding: \$100,000 (excluding GST)

Capability Framework

This project will establish a training design framework informing how DairyNZ creates and supports opportunities for dairy farmers to build their knowledge and skills.

Provider: DairyNZ
Funding: \$129,703 (excluding GST)

Dairy Women's Network

Dairy Women's Network supports people and farming businesses by providing knowledge and leadership to build competitive, resilient businesses, and capable and talented industry leaders. This project focuses on skill development of people currently working in dairy farm businesses, as well as attracting new people to the dairy sector.

Provider: Dairy Women's Network
Funding: \$442,000 (excluding GST)

Nuffield / Kellogg's

Working with DairyNZ, the NZ Rural Leadership Trust programmes have a goal to grow world-class leaders who can manage the significant changes confronting farms and communities across New Zealand.

Provider: Rural Leaders Trust
Funding: \$150,000 (excluding GST)

Rural Networks

This project supports the important community connection for young people in rural areas through the development of New Zealand Young Farmers. We believe this connection helps to retain young farmers in rural communities, and supports them to grow and thrive, building their capability to be leaders for tomorrow.

Provider: NZYF
Funding: \$80,000 (excluding GST)

ACC - Sprains & Strains

Agriculture has strong seasonal injury trends, and addressing dairy farming sprains and strains presents a large opportunity to improve farmer wellbeing. This project aims to understand the causes, and co-develop solutions that are valued by farmers, and farm employees.

Provider: DairyNZ
Funding: \$29,195 (excluding GST)
This project is co-funded by MPI.

Flexible Milking

This project is part of an initiative to optimise and increase the use of an innovative farm management strategy (3 milkings in 2 days; 3-in-2) to ensure future New Zealand dairy-farm systems meet people and animal health expectations in a profitable manner.

Provider: DairyNZ, SFF
Funding: \$31,290 (excluding GST)

Modern Workplace Design

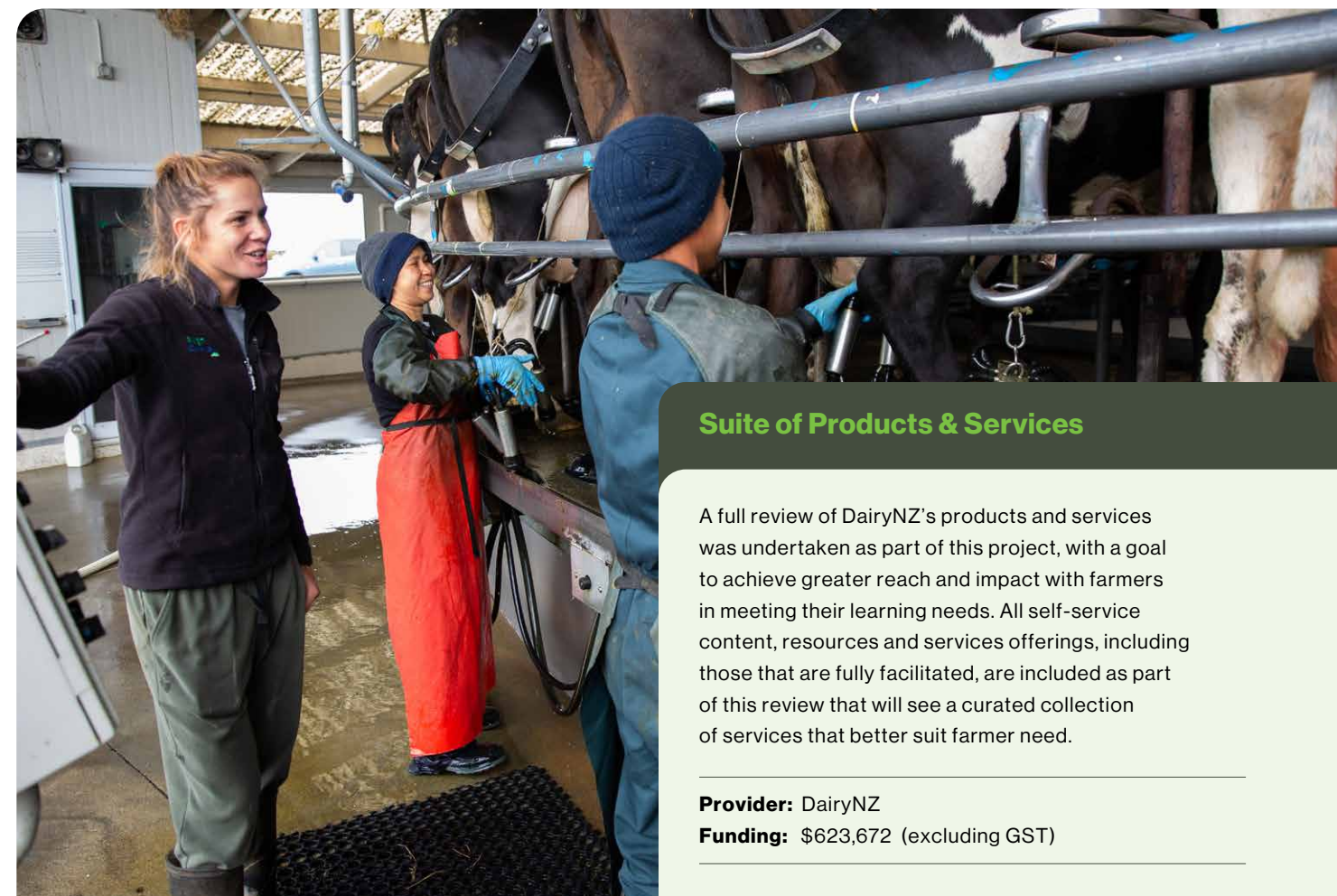
Research to support the implementation of workplace innovations for more productive, flexible and attractive workplaces is a key focus of this project. With a goal to attract a wider range of people to work in the sector, this project seeks to improve retention of farm employees and farm business owners.

Provider: DairyNZ
Funding: \$386,075 (excluding GST)

Quality Employment Experience

The Quality Employment Experience (QEE) project maintains self-service tools to help create thriving healthy work environments for farmers.

Provider: DairyNZ
Funding: \$304,260 (excluding GST)



Suite of Products & Services

A full review of DairyNZ's products and services was undertaken as part of this project, with a goal to achieve greater reach and impact with farmers in meeting their learning needs. All self-service content, resources and services offerings, including those that are fully facilitated, are included as part of this review that will see a curated collection of services that better suit farmer need.

Provider: DairyNZ
Funding: \$623,672 (excluding GST)

FOCUS AREA 4

Engage and partner better with levy payers and farmers

Adverse events

DairyNZ continues to work with rural communities and the dairy farming sector through times of adversity. Our goal is to provide cost effective, proactive and reactive services that benefits our farmers and supports the return on levy payers' investment.

Provider: DairyNZ
Funding: \$276,553 (excluding GST)

Self-Service & Communications Channels

DairyNZ is in the business of creating and transferring knowledge to inform farming decisions. This information is communicated through channels including the DairyNZ website, social media platforms and the Inside Dairy publication. Each channel is focused on farmers, with a goal to provide learning and inspiration on a broad range of dairy topics.

Provider: DairyNZ
Funding: \$1,245,653 (excluding GST)

Relatable Role-Model Farmers

DairyNZ seeks to highlight farmers who are role-modelling positive change to encourage the change journeys of other farmers. This project will focus on DairyNZ building an approach to partner better with farmers to share their journey of farm business change for the benefit of other farmers.

Provider: DairyNZ
Funding: \$359,054 (excluding GST)

Engagement & Sponsorship Networks

DairyNZ supports a range of farmer-led initiatives and networks. This project will help provide a coordinating function to ensure connections and influence with these networks occurs at a national and regional level.

Provider: DairyNZ
Funding: \$581,007 (excluding GST)

BOP Focus Farms

Stimulating positive on-farm change in the Eastern Bay of Plenty is the primary purpose of this project, with a goal to support farmers in becoming more profitable and sustainable. Regional benchmarking, timely and local climate, pasture growth and productivity data will be important parts of achieving this.

Provider: BOP Focus on Dairying Charitable Trust
Funding: \$66,000 (excluding GST)

Hauraki Plains Group

The goal of Hauraki Plains Group is to increase the wealth, value and satisfaction of dairy farmers on the Hauraki Plains through a set of five Monitor Farms.

Provider: P3 Dairy Trust
Funding: \$56,000 (excluding GST)

South Island Dairying Development Centre (SIDDC)

A key goal of SIDDC is to demonstrate new farm systems and technologies at a farm scale on the Lincoln University Demonstration Farm (LUDF).

SIDDC comprises a number of contributing organisations - Lincoln University, SIDE (South Island Dairying Event), AgResearch, Ravensdown, LIC and DairyNZ.

Provider: SIDDC
Funding: \$50,000 (excluding GST)

St Peters Owl Farm

Owl Farm applies proven research, with good on-farm practice and scientific monitoring, as a model example of dairy production and financial, environmental and people performance.

Provider: St Peters School Trust Board
Funding: \$45,000 (excluding GST)

West Coast Monitor farms

This project aims to develop a database of reliable pasture growth rates and seasonal quality pasture for four dairying regions on the West Coast. Demonstrating the benefits of regular monitoring and feed wedge development on day-to-day and strategic decision making is also a key objective.

Provider: West Coast Focus Farm Trust
Funding: \$24,000 (excluding GST)

Farmer Insight

DairyNZ is committed to providing a better future for farmers. The Insights and Listening project ensures that DairyNZ has the insights it needs to understand farmer needs, and act on these needs with confidence.

Provider: DairyNZ
Funding: \$331,583 (excluding GST)

Māori Agribusiness

A significant proportion of dairy land in Aotearoa, particularly in the Bay of Plenty, is Māori owned or operated. This three year programme partners with a group of six Māori trusts in the Eastern Bay of Plenty, and has a goal to improve the performance of Māori dairy entities.

Provider: DairyNZ
Funding: \$288,867 (excluding GST)

Māori Engagement Strategy

This project is focused on how DairyNZ can better engage and partner with Māori, from working with Māori dairy farmers and levy payers through to engaging with iwi Māori on critical issues.

Provider: DairyNZ
Funding: \$214,619 (excluding GST)



Regional Connection

This project has a goal to increase the level of quality engagement with farmers regionally to achieve on-farm change, resilience and competitiveness. There is an ongoing focus to improve how DairyNZ's farmer facing teams engage with farmers to provide them with necessary support and value.

Provider: DairyNZ
Funding: \$5,407,973 (excluding GST)

FOCUS AREA 5

Build trust and pride in dairy farming

Stakeholder Engagement

This project identifies key strategic stakeholders for the dairy sector and works to build and maintain strong relationships that support better outcomes for dairy farmers when it comes to regulation, public perception, and coordination across the sector.

Provider: DairyNZ
Funding: \$457,106 (excluding GST)

Education

DairyNZ has a goal to positively engage with children across New Zealand to educate them about dairy and the role we have in the sector, through farm visits, school curriculum and digital engagement.

Provider: DairyNZ
Funding: \$538,143 (excluding GST)

Advertising & Creative Campaign

'Here For The Long Game' is a marketing campaign aiming to grow favourability and trust amongst the public towards dairy farmers and the sector. It's a multi-year, multi-media, integrated campaign that will tell the story of how New Zealand dairy farmers are world-leading, and their progress and commitment to become even better. The ultimate objective of this work is to protect the livelihood and wellbeing of farmers and increase their sense of pride in being a dairy farmer by improving social licence. Year 1 launched with a campaign that encouraged the public to consider joining dairy, considering staff shortages on farm.

Provider: DairyNZ
Funding: \$2,467,945 (excluding GST)

Insights

This project enables quality decision making through the creation and development of rich insights on public perception and trust, and farmer pride.

The purpose is to ensure all our initiatives are well informed to maximise effectiveness, and to support all of the initiatives in Focus Area 5.

Provider: DairyNZ
Funding: \$127,492 (excluding GST)

Sponsorships

DairyNZ supports strategic partnerships, and showcases the best of the sector to all stakeholders, including government, the public and farmers, leveraging opportunities to tell a positive dairy story.

Provider: DairyNZ
Funding: \$105,591 (excluding GST)



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