

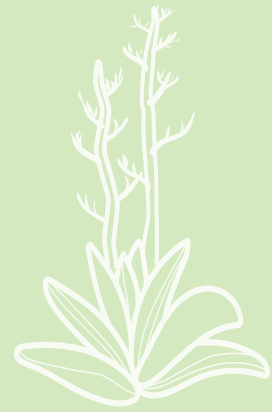


Dairynz 

Annual Report 2020/21

SUMMARY

Our work for farmers across New Zealand



Northland

A three-year research trial in Northland has revealed how different farming systems perform under varying climate conditions and milk prices. The research will help Northland farmers, and farmers nationwide, build resilience and better plan their approach to droughts and changing milk prices.

Waikato

We hosted 17 online discussion groups on wide range of topics driven by local farmer needs including employment, milking intervals, environmental regulations and more. This allows national specialists to share their knowledge, and is popular with farmers. Events are also livestreamed to DairyNZ's regional Facebook page and page membership has grown to 1,500.

Top of South/West Coast

DairyNZ has worked with affected farms to support them with flood and drought recovery. More farmers are joining DairyBase which allows farms to develop and compare key performance indicators against similar farms. They are working with DairyNZ's team to benchmark their performance, set goals, and track their achievements against other local farms, with the aim of lifting their performance over time.

Canterbury/North Otago

DairyNZ and Selwyn Hinds farmers are partnering to demonstrate how farmers can reduce nitrogen losses while maintaining profitability (see page 8). Supporting farmers through the Ashburton flooding, and those affected by a surge in *M. bovis* cases as a result of seasonal bulk milk tests, have also been priorities.

Bay Of Plenty

DairyNZ maintained and built relationships with 1,000 levy payers while delivering group events and contacting farmers. Events upskilled farmers on a range of topics driven by farmer needs and are highly rated by farmers. Eight Step Change events were held on improving profitability and reducing environmental footprint. Two national Ahuwhenua Trophy finalists were part of a local DairyNZ- Māori business initiative.

Lower North Island

In response to farmer needs, DairyNZ has been delivering practical training to upskill staff from '2IC' to farm manager roles. We have also been working with Dairy Trust Taranaki to compare current and future farm systems on their farm, and with partner farms to test changes to improve profit and reduce their farm environmental footprint.

Southland/South Otago

As part of our wintering campaign, we hosted a wide range of wintering events and developed wintering resources. We have seen farmers commended by Environment Southland for their wintering preparations. DairyNZ also continues to invest in research at the Southern Dairy Hub to provide farmers with options to meet changing environmental requirements and maintain profitability.



Dairy rises to the challenges of 2020/21



Jim van der Poel

The past year has been a challenging one, with many changes and demands coming at farmers. Under pressure, farmers are doing an amazing job, while many are short staffed.

Dairy has once again been a driving force behind New Zealand's better than expected economic performance. Our sector employs 50,000 Kiwis. With a higher milk price forecast, the total economic contribution from dairy was estimated at over \$40 billion over the past season. With Covid continuing to affect our economy, every Kiwi is benefitting from dairy's contribution to New Zealand.

As a result of hard work by farmers and partner organisations, we are also winning the *M. bovis* battle. By September 2021 only two farms in New Zealand had active *M. bovis* – down from 34 two years ago.

We know that *M. bovis* has created a significant amount of stress for farmers, and we have been focused on working with programme partners to improve biosecurity and farmer support. A second recently completed programme review will help us keep strengthening our biosecurity systems

through additional improvements.

We have also seen a shift in how dairy farmers are perceived by the public. Over the past three years, our Vision is Clear campaign profiled the great work 60 dairy farmers have done to care for the environment. 1.7 million Kiwis have seen the campaign and an estimated 63 percent of Kiwis who have seen the campaign feel positively towards dairy farmers. When the campaign started in 2018, only 43 percent of New Zealanders felt that way.

Advocacy for farmers

Following joint advocacy by DairyNZ and other Southland Advisory Group members, the Government deferred wintering rules around pugging, resowing and slopes. However, winter grazing standards needed to be lifted.

Farmers, with support from DairyNZ and our primary sector partners, achieved real improvements in winter grazing practices this year – and they have been commended for that.

Our advocacy has been focused on ensuring politicians understand the pressure farmers are facing, and working with farmers on solutions.

In August 2020 farmers completed our View from the Cowshed survey, which highlighted that mental health is a major issue and regulations are the leading cause of farmer stress. Your survey responses enabled us to get the public and politicians talking about this issue. We have repeated the survey

again this year.

A staff shortages survey also contributed to successful advocacy for border exceptions and visa extensions for migrant dairy workers. Resolving staff shortages continues to be a key priority.

We continue to strongly represent your views to the Government that regulatory overload is creating stress and burnout among farmers, particularly when many are understaffed. We want the Government to slow down the speed of changes, and take a step back to coordinate and plan their activities.

Helping deliver for farmers

Our new DairyNZ strategy is about delivering a better future for farmers.

We have identified a number of focus areas to support farmers with future-fit solutions to help increase profit and reduce farm environmental footprint, and build capability on farm. We also want to engage and partner better with farmers, and build trust and pride in dairy farming.

Our new focus areas will guide our work over the coming year as we continue to work with farmers, and for farmers, to meet the challenges and opportunities ahead.

Warm regards,

Jim van der Poel
DairyNZ chair

How we're helping NZ dairy remain the world's most sustainable



Tim Mackle

This year, we were pleased to confirm that Kiwi dairy farmers are the world's most carbon efficient milk producers.

A DairyNZ-commissioned AgResearch report, released in January, found New Zealand dairy farmers have the world's lowest carbon footprint – at half the emissions of other international producers. We shared this story widely with media and politicians, ultimately reaching an estimated 3.4 million people.

This position is a great starting point but also a challenge for us going forward, as we navigate how to reduce our emissions even further to achieve our Zero Carbon Act commitments.

At DairyNZ, we are focused on supporting farmers to retain our world-leading position by investing in science to help maximise profitability, while reducing environmental footprint.

We are also working to ensure solutions are practical on-farm, and we are committed to supporting you through change.

This Annual Report outlines some

major projects underway to achieve our goal improved profit, healthier waterways and reduced emissions. These will provide farmers with a range of options to meet changing regulations. I'm excited by the progress we are already making.

R&D

The genomic selection research programme underway is developing higher yielding pastures with a lower environmental footprint and has the potential to improve yields by between \$0.4 to \$1.3 billion annually by 2040.

Our researchers are making good progress in using genetics to predict cow fertility through puberty timing. This could enable farmers to breed more fertile herds and deliver environmental benefits, through fewer stock on farms.

We're also seeing more farmers adopt flexible milking to create a better lifestyle or to manage staff shortages. This shift is also proving to have animal health benefits.

Sustainable practices

Along with science, there's great work underway on the ground by farmers across the country. We're proud to be doing our bit supporting farmers with research in several regions including Canterbury and Southland.

In Canterbury, farmers have partnered with DairyNZ to reduce their nitrogen losses. In Selwyn and Hinds, 100 percent of farms surveyed reported having changed farm practices to reduce their environmental footprint.

Change isn't easy, so we have been working together with partner farms to test and share options that farmers across these catchments can adopt. Over 500 farmers in Selwyn Hinds have attended a field day or event to learn from other farmers how to adapt their practices to reduce nitrogen losses and maintain profitability.

In Southland, over 90 percent of farmers who are part of the Aparima Community Environment Project now have a Farm Environment Plan. Farmers who have plans are more likely to have adopted a range of good farming practices.

Across all our regions, DairyNZ's team are working for you to provide support and assistance. This Annual Report highlights just a small portion of our work for the 2020/21 year. If you'd like to know more about how we can help you, please read on and get in touch with us too.

Warm regards,

Tim Mackle
Chief Executive



Developing better solutions through science

Creating better forages for tomorrow's challenges

A joint research programme is improving the efficiency of plant breeding to develop higher yielding pastures, and identifying how to create climate resilient forages with a lower environmental footprint.

The aim is to develop future fit forages with stronger yields.

The research uses genomic selection which involves analysing plant DNA to predict desirable traits in seedlings.

The five-year research programme has focused on improving perennial ryegrass and white clover. It found that genomic selection could be useful in identifying and selecting for 20 positive traits. Traits researchers looked for included good yield, pasture persistence, high nutritive value, and high nitrogen fixation.

The aim now is to scale the programme up and have commercial seed companies start using genomic

Modelling suggests if genomic selection for pasture yield could be introduced by 2026, Kiwi farmers could see improvements in yields of \$0.4 - \$1.3 billion per year by 2040.




Researchers harvest ryegrass to measure yield.

selection as part of their breeding operations. This research will also focus on using genomic selection to reduce the environmental footprint of forages and increase their drought and heat tolerance.

The research has been funded by DairyNZ, Dairy Australia, Beef+Lamb New Zealand, Barenbrug, Grasslands Innovation, AgResearch and the Ministry of Business, Innovation and Employment.

NZ dairy farmers world's most carbon efficient

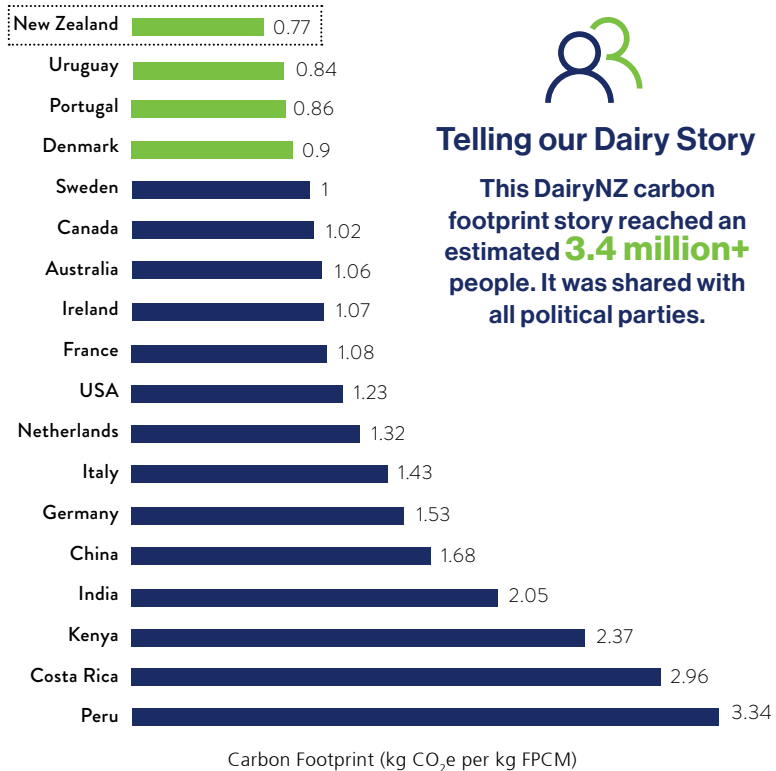
A DairyNZ commissioned report has been sharing the message that Kiwi farmers can proudly claim to produce the world's most carbon efficient milk.

The 2020 study by AgResearch showed that New Zealand milk was produced with an on-farm carbon footprint 48 percent less than the average of 18 countries studied.

New Zealand's pasture-based system, and relatively low use of supplementary feeds, were important contributors to the ranking.

DairyNZ Step Change programme is supporting farmers to continue reducing emissions.

Carbon footprint of milk production



Unlocking the secrets to improving cow fertility

A large-scale trial following 5,000 cows across 54 herds has found that puberty timing is an early predictor of cow fertility – a discovery that could help farmers select and breed more fertile herds.

The research confirmed a genetic link between a heifer's age at puberty and her ability to conceive early during first lactation.

Researchers found that puberty timing is significantly more likely to be inherited (20 to 30 percent) from one generation to the next than existing fertility traits, which are less than 5 percent heritable. This means puberty timing will respond quickly to selective breeding.

"The findings are exciting, as they could allow farmers to develop more fertile herds, which would improve profitability and also have environmental benefits," says Dr Chris Burke, DairyNZ Senior Scientist.

Researchers will now track the trial herds to monitor their reproductive results during second lactation.

The project is funded by DairyNZ and the Ministry of Business, Innovation and Employment. Additional funding and resources are provided by AgResearch, Fonterra, LIC and CRV. The project received a Kudos Primary Industries Award.





“There’s a lot less pressure and the early finish every second day is nice. There’s more time to spend with family and friends.”

Rick Phillips - Farm Manager.

Flexible Milking brings plenty of benefits in the Bay

A shift to a flexible milking schedule is paying off in the Bay of Plenty for farmer Nick Dowson and farm manager Rick Phillips.

The pair have been part of a DairyNZ research programme trialling how flexible milking can be applied successfully on-farm.

Following the change, milk production has - perhaps surprisingly - lifted this season. The cows are calmer and the team spend less time and money on reproduction with similar results.

Flexible milking has freed up some of Nick’s time so he can tend to the

farm’s avocado orchard, and both of them enjoy more time with family.

After using 3-in-2 milking over summer for a number of years, Nick spoke with milking expert Josh Wheeler who suggested it might suit them year round.

“We tried 16-hour intervals, which wasn’t much fun,” says Nick. “Research by DairyNZ made us realise the hours aren’t that critical, so we’ve adjusted our intervals.”

They now milk at 5.30am, 3.30pm and 10.30am the next day.

One of the biggest surprises following the change to 3-in-2 was a major improvement in somatic cell count, partly because they now have time to strip the herd once a week. A lower cell count indicates mastitis isn’t an issue and the cows are healthy and producing milk well.

Promising results from research

In the past year, five other farms have been trialling flexible milking as part of the project, and have seen similar benefits.

The farms reported their teams enjoyed flexible milking, and having more time for other tasks. There was also a trend for improved reproductive results across the farms.

The on-farm trials follow two years of research on Lincoln University farms. This found that a herd on 3-in-2 milking produced 5 percent less milksolids than twice a day milking, but saw a 6 percent improvement in body condition scores and a decrease in lameness.

“Every farm is different, but our research and on-farm results are encouraging and show that 3-in-2 milking does offer a number of benefits. It’s worthwhile considering whether 3-in-2 could help improve your milking strategy,” says DairyNZ Senior Scientist Dr Paul Edwards.



Shaping a better future for the sector

Sharing your stories changes perceptions

Damian and Jane Roper's work with their local community to care for their land and waterways is one of 60 farmer stories profiled in DairyNZ's The Vision is Clear campaign which has changed the way Kiwis see dairy farmers.

The Pātea farmers have planted over 10 hectares of trees on their farm, and have restored a native bush block. Their children have created a boardwalk through the bush block,

and it will be protected in its natural state as they plan to covenant it. They've also developed a swampy area into a beautiful lake. Water quality testing has shown that invertebrates are now flourishing.

"We've seen kōura and eels in our lake and we've got a lot of teal and native species nesting on our farm now," Damian says.

Together with local iwi Ngāti Ruanui, they've created a pā on their farm. It is used to grow native trees to plant by their waterways and gift to the community. The couple say Māori values for the land align with theirs, and they

are now learning Te Reo Māori.

Children from schools and kohanga reo and their local community have visited the farm to see their lake, native bush and pā.

"It's a beautiful part of the world," Damian says, "that New Zealanders should see."

In addition to The Vision is Clear sharing the Ropers' story with Kiwis, DairyNZ's media team put the story forward to Seven Sharp. They interviewed the couple at their farm and this story reached over 1 million people.

The impact of the Vision is Clear campaign

The Vision is Clear campaign focused on raising awareness of the positive work farmers, like the Ropers, and the community are doing to improve water quality. It involved newspaper and radio ads, online videos and stories on the New Zealand Herald website, and social media posts and ads.



Today, **63%** of those exposed to the campaign feel positively towards dairy farmers.

In 2018 when the campaign started **43%** of Kiwis felt positively towards dairy farmers.

Today, **51%** of people say seeing the campaign has changed how they feel about the dairy sector.



An estimated **1.7 million** Kiwis have seen the campaign



Our key advocacy work for farmers



July 2020

The Government extends temporary work visas for around 3,000 dairy workers by 6 months. DairyNZ and Federated Farmers advocated for this change.



August 2020

DairyNZ releases the 'The View from the Cow Shed' which includes ten policy priorities for the 2020 election and farmer survey insights. This highlights changing regulations as a major cause of farmer stress, and fuels media coverage of this issue. Farmer stress due to regulations was also discussed at the TVNZ leaders debate.



October 2020

DairyNZ contributes to Our Land and Water research showing from 1995 to 2015 45% more nitrogen (N) and 98% more phosphorus (P) would have entered rivers from dairy land if farming practices hadn't improved. In 2015, P losses from dairy land were an estimated 20-25% lower than 1995. Total N losses grew 25%, as dairy land increased by 40%. This is shared with the Government and media.



December 2020

Analysis by DCANZ and DairyNZ is released on dairy's value. It shows dairy employs 50,000 Kiwis and adds \$10.2 billion to our economy.



January 2021

DairyNZ commissions and releases an AgResearch report showing NZ milk is the world's most carbon efficient which receives widespread media coverage.



February 2021

The Climate Change Commission consults on carbon budgets. DairyNZ advocates that the Commission doesn't increase methane reduction targets (as proposed) and supports more Government funding into reducing farm emissions. The Commission later agrees with our position in their recommendation to Government.



March 2021

Our survey of over 1,100 farmers shows 49% of farms are short staffed. Together with Federated Farmers, we apply to allow migrants across the border. In June an exception is granted for 200 dairy workers.



Following joint advocacy by DairyNZ and other Southland Advisory Group members, the Government announces wintering rules around pugging, resowing, and slopes have been deferred, and instead focuses on using farm plans to deliver water quality improvements.



April 2021

Work by DairyNZ and Federated Farmers provides Horizons farmers with an additional resource consent option with less economic impact on farmers and the region, but similar water quality outcomes. A final decision will be released after appeals are resolved.

Stronger biosecurity systems contributing to *M. bovis* eradication progress

Significant progress has been made towards eradicating *Mycoplasma bovis* over the past year.

The latest independent Technical Advisory Group report for the *Mycoplasma bovis* (*M. bovis*) programme confirms New Zealand is on track to eradicate the disease and shows commitment by farmers is delivering results.

Only two farms had active confirmed *M. bovis* in September 2021 – down from 34 two years ago. The report confirmed that significant improvements have been made to tracing systems and the management of infected herds since 2019, while farmers have improved animal

movement recording.

DairyNZ continues to partner with the farming community and sector on a number of initiatives to support the uptake of good on-farm biosecurity practices.

We commissioned an independent review of the programme in 2019 and programme partners commissioned the latest expert review in 2021 in order to keep improving our *M. bovis* management.

DairyNZ has provided **1800** farmers with recovery/welfare support and over **48,000** hours of staff expertise.

Over **1500** farmers used the DairyNZ, Beef + Lamb NZ Compensation Assistance Team.



TB infected dairy herds dropped from **230** in 1996 to **11 herds** in 2020.



Southland farmers plan to improve water quality

600 Southland farmers are working together as part of the Aparima community environment (ACE) to lift their farming practices and improve the region's waterways.

The project began in 2018 and aims to support farmers to develop and implement Farm Environment Plans. The plans include actions to reduce sediment and nutrient loss, and guide fencing and riparian planting. A particular focus over the past year has been improving wintering practices, and a range of events have been held to share knowledge between farmers.

214 dairy farmers are part of the project. By June 2021, 93% of

dairy farmers in the project had a Farm Environment Plan.

Nationally, over 3,400 dairy farmers have a plan, and by 2025 all dairy farmers will have one.

A 2020 survey of ACE farmers found that those with a plan were more likely to have adopted a range of good farming practices than farmers without a plan.

This project is supported by Thriving Southland, DairyNZ, Beef + Lamb New Zealand, Environment Southland, Fonterra and Open Country Dairy. For more detail see thrivingsouthland.co.nz/ace.



Project survey highlights:



95%

of farmers use **buffer strips** by waterways and gullies to reduce sediment and nutrient losses

84%

of farmers use **nutrient budgets** to guide fertiliser decision making

79%

of farmers use **back fencing**, portable **troughs** and portable **bale feeders** to reduce mud over winter



Supporting better farming locally

Kiwi farmers get future fit as part of Step Change

Over a thousand farmers and rural professionals have started on a journey to future proof New Zealand dairy farming and are now looking at options to improve farm profitability while continuing to reduce their environmental impacts.

“New Zealand farmers can be proud to be amongst the most sustainable farmers in the world, but we know there is more to be done,” says Dr David Burger, Strategic Investment Leader for Responsible Dairy.

“Global customers continue to demand higher environmental standards. It’s a complex and stressful challenge for farmers. Our Step Change programme is focused on building farmer knowledge and providing farmers with a range of practical solutions they can choose from which will allow them to be both profitable and reduce their environmental impact.”

Dairy Environment Leader (DEL) farmers joined the first series of Step Change ‘Know your Numbers’ workshops to share their knowledge with other farmers. At these 30 workshops for

farmers and rural professionals, DEL farmers and DairyNZ staff shared how to calculate and understand measures related to farm operating costs and profitability, and key environmental indicators.

“A good understanding of key measures helps farmers understand where they are today, the likely impacts of policy on their farm system, and where they should focus for the future,” says David.

As a result of the workshops, and supporting communication, over 1,000 farmers reported they knew their numbers in 2020/21.

Dairy Environment Leaders, over 300 farmers, and rural professionals also discussed a range of options farmers could action to meet changing environmental expectations and remain

profitable at twelve ‘Exploring your Options’ workshops. The workshops built on the knowledge gained from the Know your Numbers events.

Farmers have been part of over 11,000 conversations at group or one-on-one discussions with DairyNZ staff and other farmers to explore options for how to improve profitability, and reduce environmental impacts in different farm systems and regions. A range of farmer resources are available at dairynz.co.nz/stepchange.

During year two of a five-year programme, Step Change also focused on building farmer pride as part of a ‘Rise and Shine’ campaign. The aim was to highlight that New Zealand dairy farmers are world leading – and inspire farmers to continue keeping ahead of challenges in a fast changing environment.



Southland farmer Suzanne Hanning is championing good wintering practices.



Farmers and DairyNZ partner to make a difference over winter

2021 saw DairyNZ partner with farmer champions to deliver a campaign promoting good wintering practice called 'Let's make a difference this winter.'

Three Southland-based farmers - Suzanne Hanning, Jon Pemberton, and Tangaroa Walker - shared good management practice advice with other farmers through videos, images, print ads and social media.

This effort was backed by unprecedented collaboration across the farming sector to host joint events, coordinate media, and develop communication for both farmers and the public.

Between June 2020 and June 2021, DairyNZ, often in collaboration with

Beef+ Lamb New Zealand, hosted 86 wintering events countrywide. 50 of these events were held from April to June 2021 in response to the Government's deferral of new wintering regulations. The events focused on understanding good management practice and creating a plan for adverse weather.

Farmers said the workshops helped them understand good management practice requirements, and how wintering plans support Farm Environment Plans.

An 0800 hotline was set up to report wintering issues to primary sector partners so they could support farmers to address issues. Farming sector organisations together developed winter grazing plans, and a wintering

✓ **86** wintering events hosted for farmers in 2020/21

✓ wintering checklist distributed to nearly **100,000** rural households

checklist which was shared online, at events, and distributed in print to nearly 100,000 rural households nationwide.

Environment Southland reported significant improvements in wintering practices and excellent compliance in their observation flights.

Jon Pemberton says farmers that have chosen to make a real effort to implement best management practices have got through winter well.

"The grazed paddocks show that there are real benefits to limiting soil damage by using back fences to protect critical source areas. Having a winter management plan has proven to be very valuable."

"It's so great to see the massive improvement in wintering practices," says Suzanne Hanning.

"You hardly see any crop paddocks that don't have a back fence or a trough in them now. Most farmers are always striving for improvement, not because they have to, but because it's the right thing to do."

"We have challenged farmers to be better than before and they are delivering," says DairyNZ's Head of South Island Tony Finch. "Farmers are now better prepared for adverse weather and are talking with their teams about their plans and practices. We've come a long way and we can still keep improving."

DairyNZ and farmers partner in Canterbury to meet challenges

Canterbury dairy farmers are making widespread changes to their farming practices to reduce their environmental impact - with support from both local farmers and DairyNZ.

As part of the Meeting a Sustainable future project, 45 partner farms are working with DairyNZ to trial options to reduce nitrogen losses to meet Environment Canterbury regulations.

DairyNZ and partner farms are sharing the changes they are making on farm with over 400 farms in Selwyn and Hinds by hosting field days.

In a recent DairyNZ assessment of 235 farms in the two catchments, 100 percent reported adapting their practices to reduce nitrogen loss, says DairyNZ project leader Virginia Serra.

Eighty-one percent reported improving their irrigation systems or irrigation management. More than 50 percent said they had changed how they use fertiliser and improved their effluent management or effluent systems.

“These changes help reduce nitrogen losses which will in time help improve water and groundwater quality,” says

Virginia. “It’s great to see farmers playing their part to look after the environment for future generations.”

“We’re seeing most farmers making multiple changes on farm to achieve the new targets. Change isn’t easy and the project aims to help farmers find the mix of options that work best on their farm so they remain profitable.”

The Everest family own one of the partner farms. They recently hosted a field day for 45 farmers to share the changes they are making.

They have installed an efficient variable rate irrigation system to reduce drainage losses and nutrient losses, and have added plantain and chicory into their pasture mix. They’ve also significantly reduced their fertiliser use.

“We developed an annual nitrogen application plan so we knew what our target application rates were each month. We also used a urease coated urea product which reduces greenhouse gas and nitrogen losses,” Phill Everest explains.

“We’ve always been focused on learning how to do things better. We’ve got to learn fast to make changes, so we can continue to play a key role in contributing to local communities.”

The changes mean they have already met their 2030 target to reduce nitrogen losses by 25 percent.

Phill says that continuing to reduce their nitrogen losses further to meet environmental requirements will be a significant challenge.

“We are taking small steps each year. This approach will allow us to make the best improvements we can.”

Progress in Selwyn and Hinds

452 dairy farms in Selwyn and Hinds



Together with DairyNZ, **45 partner farms** are leading change by trialling options to **reduce N and greenhouse gas losses**

23 farmer events held to share knowledge. Over 500 farmers attended  events over the past year.

100% of 235 farms assessed in Selwyn and Hinds report making changes to reduce nitrogen losses. Most are taking multiple steps 





Māori dairy farms build firm foundations for future growth

Blending farming best practice with whanau aspirations and values is opening up opportunities for Māori in dairying.

A targeted extension project co-funded by DairyNZ and the Ministry for Primary Industries (MPI) in the Eastern Bay of Plenty is supporting Māori-owned dairy farms to explore sustainable system changes and build and develop their skill base.

The farms are all owned by trusts, and the project aims to help build stronger relationships between trustees and farm teams, and foster the adoption of best practice farming methods which support whanau aspirations and values.

“Each trust is exploring how to improve their business at an operational and governance level. Importantly they are making changes and checking progress using DairyBase benchmarking measures,” says Hemi Dawson, DairyNZ’s Kaiārahi Ahuwhenua (Māori Agribusiness Specialist).

“The feedback from participants has been positive, there is more collaboration between farms, and it’s creating exciting possibilities for Māori dairy farmers,” says Hemi.

One of the trusts involved in the project - Tunapahore B2A Incorporation – was a finalist in the Ahuwhenua Trophy, a national award recognising and celebrating success in Māori farming. DairyNZ is a proud gold sponsor of the awards. Another similar cluster of Māori businesses, funded by Te Puni Kokiri and supported by DairyNZ, is located in the Rūātoki valley. The

winner of the Ahuwhenua Trophy this year, Tataiwhetu Trust, is part of this group.

“It’s great to see there is a strong interest from everyone involved in continuing to improve the way they farm, and also in passing their knowledge on to other Māori now and into the future,” says Hemi.

Workplace 360 helps farmers build better workplaces

Over 2,600 farmers have used a new DairyNZ tool that helps them build stable, high performing teams since its launch in April 2021.

Workplace 360 is an online assessment that farmers can use to identify strengths and weakness in their work environment, decide what they want to do to improve and monitor their progress.

“We developed Workplace 360 in response to farmer requests. Attracting and retaining staff is a focus for many farms, and farmers were keen to find out how to make their farms better workplaces for their teams,” explains Nick Robinson, DairyNZ’s Strategy and Investment Leader - Farm Performance.

The assessment can be completed in under 30 minutes, and has three levels: Foundation, Good and Great Practice. It helps farmers assess performance across a wide range of areas including compliance, team culture and risk management.

The reports are confidential but Fonterra suppliers may choose to share their results with the Co-operative, as completing Workplace 360 is a key step to meet the People and Community achievement as part of Fonterra’s Co-operative Difference Payment. To use Workplace 360 visit dairynz.co.nz/workplace360

dairy tomorrow

The future of New Zealand dairying.

The Dairy Tomorrow Strategy is focussed on the key challenges and opportunities facing the dairy sector. By working together, partners will ensure dairy has a strong future.



The strategy was launched in 2017 by DairyNZ, Dairy Women's Network, Federated Farmers and Dairy Companies Association of New Zealand.

DairyNZ leads four of the commitments and coordinates strategy implementation. The strategy shapes our investment priorities.

The Dairy Tomorrow commitments are:

- protecting and nurturing the environment
- building resilient and competitive farm businesses
- producing the highest quality and most valued dairy nutrition
- practicing world leading animal care
- building great workplaces for New Zealand's most talented workforce
- growing vibrant and prosperous communities.

New Zealand Dairy story launched

Over the past year, the Dairy Company Association of New Zealand (DCANZ), led the development of a story about how we bring Dairy Goodness to the World. The story is available at nzstory.govt.nz and as a sector resource. It focuses on what's special about New Zealand dairy including our natural production, our innovation, our kaitiakitanga and integrity.

Integrated Farm Planning

The Government recently launched an Integrated Farm Plan approach to simplify and coordinate farm planning requirements.

Dairy Tomorrow Partners have been working together to create a useful farm plan for dairy farmers, and cover key requirements. We also want to be able to show sector-wide progress towards important goals, such as improving water quality. Partners are currently looking at key measures, and how data can be captured from farms and analysed, while protecting farmer confidentiality.

Collective Challenges

Dairy Tomorrow Partners are working together to meet challenges with a planned, sector wide approach. These challenges include environmental leadership, and reducing dairy sector emissions. They also include developing options for surplus dairy calves and improving our communication and connection with the public.



DairyNZ

DCANZ
DAIRY COMPANIES ASSOCIATION OF NEW ZEALAND

OpenCountry

Westland Milk Products
Hokitika • New Zealand

DAIRY WOMEN'S
NETWORK
Nurturing our world
together through inspiration

Synlait

TATUA

Fonterra
Dairy for life

Oceania
DAIRY

FEDERATED
FARMERS
OF NEW ZEALAND

MIRAKA
nurturing our world
together

DELIVERING A BETTER FUTURE FOR FARMERS

DairyNZ has established a new organisational strategy.

Our purpose is to deliver a better future for dairy farmers. It underpins everything we do.

The new strategy has been informed by discussions with farmers through our 2019 roadshows and last year's

levy meetings. They have told us to focus our effort on the big issues, to ensure our services are relevant and accessible, and engage and listen well. It also enables us to deliver on our Dairy Tomorrow commitments.



Our purpose

Delivering a better future for farmers



How we deliver our purpose

Developing Better Solutions



Shaping a Better Future

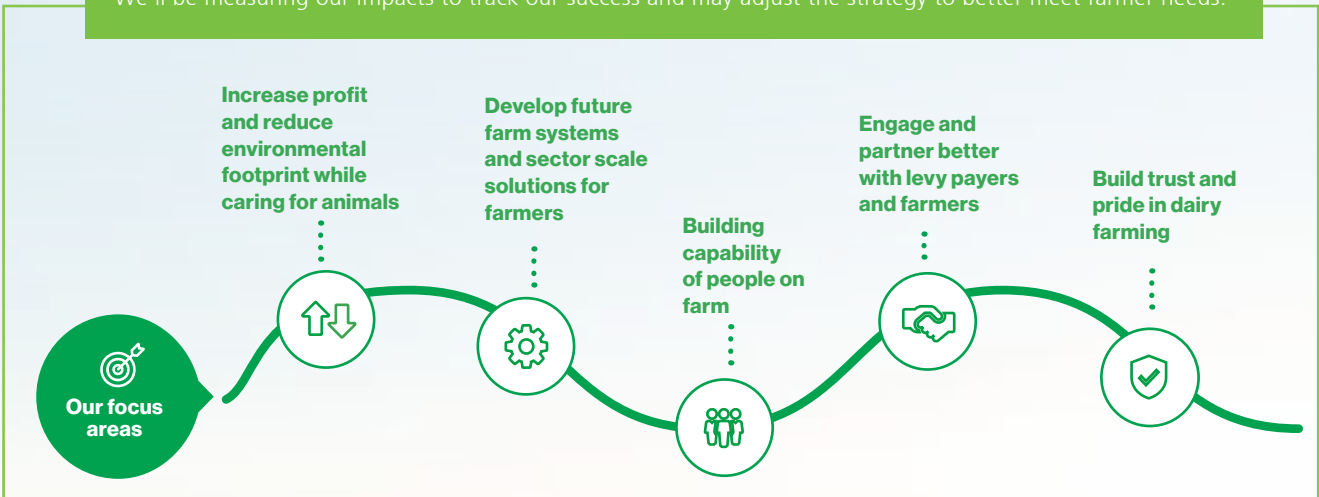


Supporting Better Farming

We've identified five focus areas to guide our work over the coming years.

The strategy is designed to be flexible and agile.

We'll be measuring our impacts to track our success and may adjust the strategy to better meet farmer needs.





OUR FOCUS AREAS FOR 2021/2022



FOCUS AREA ONE:

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

DairyNZ will help dairy farmers with the complex, and often stressful, challenge of reducing their footprint and getting ready for upcoming changes including freshwater and climate change regulations.

During this year through our Step Change project, DairyNZ will support farmers to understand key on-farm measures on profitability, nutrient losses and greenhouse gas emissions. The project will encourage farmers to benchmark their performance in these areas against other farms and consider options to improve priority measures. DairyBase reporting will be improved to assist farmers to find and compare key



reporting measures.

We will also provide resources and support for farmers on animal care.

We will continue to advocate strongly for farmers on climate change and freshwater policy at a national and regional level.

Another focus is on lifting wintering outcomes. We are working with farmer champions and across the farming sector to share best practice advice and support farmers in implementing good management practices.



FOCUS AREA TWO:

Develop future farm systems and sector scale solutions.



DairyNZ will help prepare the dairy sector for the future by developing new solutions to support the long-term competitiveness and sustainability of individual farms and the sector.

Research into methane reduction options is a focus as we want to equip farmers with tools to reduce their environmental footprint and remain the world’s most emission efficient producers.

The frontier farms project will also support our dairy farmers to remain world leading. The project will analyse and compare the performance of international and New Zealand dairy systems to understand what changes we need to make to remain competitive. ‘Frontier farm systems’ will be designed to demonstrate how New Zealand

farms can adapt to respond to competitor dairy farming models. We want to design resilient, innovative and world leading dairy systems.

Another key goal is for our national breeding system to produce the world’s best rates of herd genetic gain (for traits relevant to the future of New Zealand dairy). Genomic selection will be an important technology to help achieve this goal as it allows genetically superior animals to be identified at a young age. This workstream includes delivering increased profit through greater rates of genetic gain with a focus on improving fertility, and the future traits most important to farmers. The project aims to share all relevant data and develop an Infoherds platform to support genomic evaluations.



FOCUS AREA THREE:

Build the capability of people on-farm.



We know from our farmer survey that attracting and retaining staff is a significant challenge for many farms.

DairyNZ will support farmers to attract, develop and retain a world-class workforce.

A focus for this year will be developing a workforce transition plan. This will set out the dairy sectors current workforce, review existing research on how to attract and retain dairy workers, outline farmer needs, and identify how best to deliver on these.

The GoDairy campaign has been refreshed and will continue to promote dairy careers as part of working toward resolving long-term workforce challenges. DairyNZ also continues to work together with Federated Farmers to strongly advocate for farmers on immigration issues.





FOCUS AREA FOUR:

Engage and partner better with levy payers and farmers.



Farming is becoming more complex and with that, you've told us we need to change how we work with, and support, farmers, to ensure you're getting value for your levy dollar.

Specifically, farmers have told us that we need to proactively engage with you, listen to truly understand your needs, ensure our services are relevant and accessible for farming today, and focus our effort regionally on the big issues affecting your farm.

We're making changes to how we operate including appointing relationship managers in the regions to proactively engage with farmers; redeveloping the tools we offer you; and launching a series of new digital tools including developing a new website (now underway). We have also launched an informative podcast series called Talking Dairy; and are expanding our 0800 phone service.

We're also shifting how we create and share solutions, to spend more time working alongside farmers to design interventions together that work on farm. We are sharing these by listening first to understand your needs and what options fit you best.



FOCUS AREA FIVE:

Build trust and pride in dairy farming.

DairyNZ's trust and pride programme tells the great story of how New Zealand dairy farmers are the world's most sustainable, and their progress to become even better.

We have undertaken research to understand what's driving public perceptions of the dairy sector and farmers. We found that around 40% of Kiwis are interested in dairy and have relatively positive perceptions. Another 45% of our population are busy people and know little about us. We want to better reach this group to tell the dairy story, as they're the parents of the next generation, and are today's decision makers. Our research tells us that we haven't reached this group with our activities to date. We're now redeveloping our trust and pride campaign in a fresh format to build on the momentum created by The Vision is Clear. We are confident this will reach more Kiwis and help build trust and pride in dairy.

DairyNZ is also partnering with House of Science to deliver new educational resource kits to educate school children

on the dairy sector. The fun and engaging kits cover dairy, climate change, water quality and land use. They will be used by over 60,000 children a year. Schools will also have the chance to visit a local dairy farm.

New Zealand farmers are world leading, but farmer pride is declining. We will work with farmers to explore why this is occurring, and how we can support you to rebuild it.



Financials

2020/21

Statement of Comprehensive Income

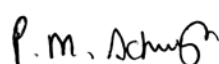
For the year ended 31 May 2021

In thousands of New Zealand dollars

	Consolidated	
	2021	2020
Continuing operations		
Revenue and other income	86,002	83,827
Operational expenses	(76,250)	(84,179)
Profit/(loss) before finance activities	9,752	(352)
Finance income	79	209
Finance expenses	-	-
Net finance income	79	209
Profit/(loss) before income tax	9,831	(143)
Tax expense	-	-
Profit/(loss) for the period	9,831	(143)
Other comprehensive income		
Net change in fair value of available for sale financial assets	(69)	(124)
Income tax on other comprehensive income	-	-
Other comprehensive income for the period, net of income tax	(69)	(124)
Total comprehensive income/(loss) for the period	9,762	(267)



J VAN DER POEL, CHAIRMAN
29 July 2021



P SCHUYT, DIRECTOR
29 July 2021

Statement of Changes in Equity

For the year ended 31 May 2021

In thousands of New Zealand dollars

Consolidated

	Contribution by Owners	Investment fair value reserve	Retained earnings	Total equity
Balance as at 1 June 2019	33,783	(94)	10,690	44,379
Total comprehensive income for the period				
Profit/(loss) for the period	-	-	(143)	(143)
Other comprehensive income				
Net change in fair value of available for sale financial assets	-	(124)	-	(124)
Total other comprehensive income	-	(124)	-	(124)
Total comprehensive income for the period	-	(124)	(143)	(267)
Balance as at 31 May 2020	33,783	(218)	10,547	44,112
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

Statement of Financial Position

As at 31 May 2021

<i>In thousands of New Zealand dollars</i>	Consolidated	
	2021	2020
Assets		
Property, plant & equipment	20,552	21,248
Intangible assets	5,329	4,995
Biological assets - Livestock	1,420	1,427
Investment in associates	4,584	4,699
Other investments	1,253	1,322
Total non-current assets	33,138	33,691
Cash and cash equivalents	22,636	18,545
Inventories	135	106
Trade and other exchange receivables	2,713	2,891
Trade and other non-exchange receivables	10,255	7,618
Total current assets	35,739	29,160
Total assets	68,877	62,851
Members' funds		
Contribution by owners	33,783	33,783
Investment fair value reserve	(287)	(218)
Retained earnings	20,378	10,547
Total members' funds	53,874	44,112
Liabilities		
Employee entitlements	255	310
Total non-current liabilities	255	310
Trade and other payables	10,952	14,358
Deferred income	1,620	1,521
Employee entitlements	2,176	2,550
Total current liabilities	14,748	18,429
Total liabilities	15,003	18,739
Total members' funds and liabilities	68,877	62,851

Statement of Cash Flows

For the year ended 31 May 2021

In thousands of New Zealand dollars

Consolidated

	2021	2020
Net cash from/(used in) operating activities		
Cash provided from:		
Dairy industry good levies	69,785	67,856
Biosecurity responses levies collected	46,799	47,005
Other funding	13,042	19,906
	129,626	134,767
Cash applied to suppliers and employees	76,744	82,810
Biosecurity responses levies paid	46,799	47,005
	123,543	129,815
Net cash from/(used in) operating activities	6,083	4,952
Net cash from/(used in) investing activities		
Cash provided from sales of assets, investments and livestock	318	186
Cash applied to the acquisition of property, plant equipment and intangibles and the purchase of biological assets	2,310	2,337
Net cash from/(used in) investing activities	(1,992)	(2,151)
Net cash from/(used in) financing activities		
Net cash from/(used in) financing activities	-	-
Net increase/(decrease) in cash balances	4,091	2,801
Cash balances at beginning of period	18,545	15,744
Closing cash balances	22,636	18,545

The summary financial information has been derived from, and should be read in conjunction with, the DairyNZ annual financial statements (the "full financial statements"). The full financial statements, approved by the Board of Directors on 29 July 2021, are available at dairynz.co.nz/annual-report-from-1-October-2021. The accounting policies used in these financial statements are included in the notes to the full financial statements.

The full financial statements have been prepared in accordance with and comply 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 full financial statements have been audited by KPMG and an unqualified opinion given. The summary financial information cannot be expected to provide as complete understanding as provided in the full financial statements.

DairyNZ your levy in action

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

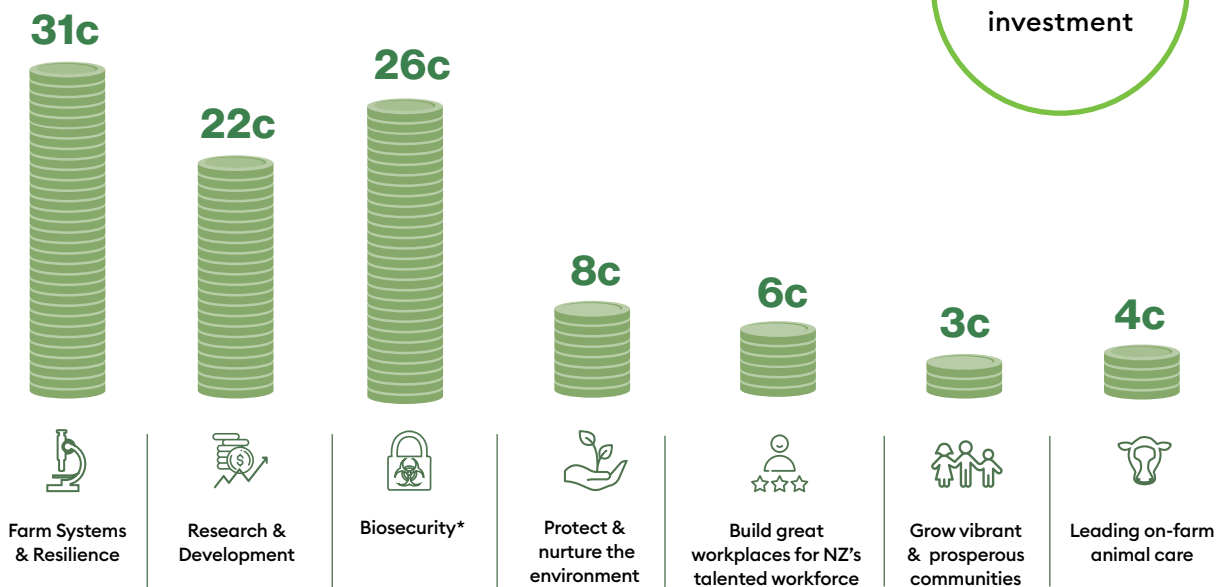
In 2020/21, a total of \$70.1 million was collected through the milksolids levy, plus DairyNZ received Government co-funding.

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

Levy and co-funding investment by objective

2021/22 funding under the sector strategy, Dairy Tomorrow.

For every \$1 of DairyNZ investment



*largely TB control investment supporting OSPRI

2021/22 DairyNZ investment under focus areas

2021/22 funding under DairyNZ's strategy.

Focus Area	Forecast spend
↑↓ Increase profit and reduce footprint	\$12.8M
⚙️ Competitiveness, responsible & resilient	\$38.4M
👥 Build capability of people	\$2.8M
🤝 Engage better with levy payers	\$13.7M
🛡️ Build trust and pride	\$2.0M

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

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