

## PASTURE SUMMIT

**PROFIT, PASTURE, PROGRESSION** 

## CANTERBURY SPRING EVENT

A Company of the second

WEDNESDAY, 27 NOVEMBER 2024 Hosted by Leighton & Hayley Parker 395 Fords Road, Ashburton









dairy holdings





**Dairy Exporter** 





## **PASTURE SUMMIT**

#### PROFIT, PASTURE, PROGRESSION

A very warm welcome to everyone, and a big thank you to Leighton & Hayley, for hosting us today, to share their thinking and their results.

Also, a big thank you to our organiser, our guest speakers and facilitators. Huge thanks to DairyNZ and our kind sponsors who have generously supported these events and we ask that you in turn support them.

We're in the business of turning grass to milk to cash - it's our key competitive advantage. Our host farmers are focused on achieving strong bottom-line financial performance and growth. They will present their costs and returns and discuss their farm management strategy to drive profit now and into the future. Topics to be explored include Business Goals, Financial Results, Benchmarking, Pasture, Cows and Herd Reproduction. A panel discussion will also explore progression and equity growth pathways for progressive young farmers with aspirations to progress and grow in the sector.

Pasture Summit events are held for farmers, by farmers who believe dairy farming can and should be profitable and rewarding, and that our pasture fed dairy products are best for the consumer and the environment. Central to this is our desire to inspire the next generation of dairy farmers by demonstrating that with the right strategies and execution, profitability, equity growth and land ownership are all achievable.

Thank you once again for your support. We hope you enjoy the day and we look forward to catching up with you during the event.



Robert Ferris Chair Pasture Summit



Colin Glass Treasurer Pasture Summit



Alistair Rayne Secretary Pasture Summit

## THANK YOU

## The valuable support from the following people and organisations is greatly appreciated.

- Our host farmers, Leighton & Hayley Parker, their families and staff.
- Virginia Serra and Heather Donaldson from DairyNZ.
- Ants Roberts from Ravensdown
- Aidan Gent, General Manager Rural Banking, ASB Bank Limited
- Brent Love from KPMG
- The farmers participating in the panel discussion on progression and equity growth pathways:
  - Mark & Devon Slee (in an equity partnership with the host farmers)
  - Carlos Cuadrado
- Silver Fern Farms for providing the meat for the BBQ lunch.

**Dairy for life** 

- Fonterra and Farm Source for providing a BBQ trailer and kindly cooking the BBQ lunch.
- DairyNZ staff and regional team who supported us in organising and running the event.
- Pasture Summit committee members.

#### A big thank you to our sponsors for their generous support.

## GOLD SPONSORS



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## **KEY EVENT INFORMATION**

#### Presentations

This handbook contains all of the material from the poster boards used in the sessions.

#### **Feedback sheets**

Please take time to complete the feedback sheet at the end of the day. A tear out feedback sheet can be found at the back of this handbook. Please deposit your completed forms in the collection box as you leave the farm. You will also be emailed an online link after the event if you prefer to complete your evaluation electronically.

#### Information and assistance

For information and assistance, please contact the registration desk located in the central meeting area.

#### **Cell phones**

Cell phones and electronic devices must be muted at all times during sessions.

#### Valuables

Please keep all valuables safe. The organisers cannot be held responsible for any loss or damage of personal items while attending the event. Any found property should be taken to the registration desk located in the central meeting area.

#### **Health & Safety**

A Health & Safety briefing will be given at the start of the day.

#### **First Aid**

A first aid kit is available at the registration desk. If you require emergency treatment or medical care, details of the closest medical centre will also be available there.

#### **Biosecurity**

All attendees are required to wear clean clothing and footwear (organisers will terminate visit if attendees have visibly dirty attire), and visitor vehicle parking will be restricted to the designated areas only.

#### Out of bounds areas

Please stay with the group and strictly avoid entering out of bounds areas as this is a working farm.

#### Catering

Tea, coffee, water and light refreshments will be available throughout the day in the catering area and a BBQ lunch will also be served from here at lunchtime. Lunch is kindly sponsored by Silver Fern Farms, Fonterra and Farm Source.

#### Disclaimer

The views presented at Pasture Summit are the opinions of the individual speakers and are not necessarily shared by the Pasture Summit organising committee or any of the sponsors. Given the general nature of some of the views and information presented at Pasture Summit and the fact that every participant's individual circumstances are different, Pasture Summit delegates should not act solely on the basis of material presented at Pasture Summit but should obtain specific advice as to their own circumstances and actions.



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## **OUTLINE PROGRAMME**



### **PROFIT, PASTURE, PROGRESSION**

09:30 - 10:00	ARRIVAL, REGISTRATION & MORNING TEA
10:00 - 10:05	<b>Welcome, Introductions and why we are on this farm</b> Al Rayne, Pasture Summit Secretary
10:05 - 10:10	<b>Orientation &amp; H&amp;S Briefing</b> Virginia Serra, DairyNZ
10:10 - 10:15	<b>Opening Comments</b> Aidan Gent, General Manager Rural Banking, ASB Bank
10:15 - 11:15	<ul> <li>SESSION 1: BUSINESS GOALS &amp; FINANCIAL RESULTS</li> <li>Background</li> <li>Business &amp; financial performance</li> <li>Industry benchmarks &amp; regional comparisons</li> <li>Growth strategy</li> <li>Host farmers (Leighton &amp; Hayley Parker) presenting, facilitated by Virginia Serra, DairyNZ</li> </ul>
11:30 - 12:45	<ul> <li>SESSION 2: PASTURE &amp; BREEDING</li> <li>2A: Key success factors in a high pasture &amp; crop harvested/ha system</li> <li>Host farmers (Leighton &amp; Hayley Parker) presenting, facilitated by Alistair Rayne, Pasture Summit Session supported by Dr Ants Roberts, Ravensdown</li> <li>2B: Achieving Excellent Results with Herd Reproduction Host farmers (Leighton &amp; Hayley Parker) presenting, facilitated by Heather Donaldson, DairyNZ</li> </ul>
12:45 - 12:50	<b>Key messages &amp; wrap up of morning sessions</b> Will Grayling, Pasture Summit
13:00 - 13:45	LUNCH (sponsored by Silver Fern Farms, Fonterra & Farm Source)
13:45 - 14:45	<ul> <li>SESSION 3: PROGRESSION &amp; EQUITY GROWTH PATHWAYS</li> <li>Panel discussion and open Q&amp;A exploring progression and equity growth pathways.</li> <li>Panelists: <ul> <li>Leighton &amp; Hayley Parker (host farmers)</li> <li>Mark &amp; Devon Slee (in an equity partnership with the Parkers)</li> <li>Carlos Cuadrado</li> <li>Session facilitated by Brent Love, KPMG</li> </ul> </li> </ul>

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Jason Rhodes ASB Rural Regional Manager M: 027 444 5431 E: jason.rhodes@asb.co.nz asb.co.nz/rural-banking



DairyNZ is an industry-good organisation that helps farmers lead the world in sustainable dairying by investing in research, new solutions and advocacy. We believe that dairy has a bright and positive future and, that by working together with farmers and others, we can achieve purposeful change. We exist to progress a positive future for New Zealand dairy farming.

Contact us:

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#### **Madeleine Horne**

Key Account Nutrient Specialist Central South Island M: +64 27 677 4499

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## **DairyExporter**

Our tagline for NZ Dairy Exporter says it all - Learn, Grow, Excel.

It ensures the NZ Dairy Exporter is the country's premier dairy farm management magazine. Farmers enjoy reading about and learning from other farmers, so our experienced team of contributing writers actively seek out New Zealand's top dairy farmers and unpack their farm and business systems, so our readers can learn from them.

#### Contact name: Sheryl Haitana

Phone: 021 239 1633 Email: <u>sheryl@countrywidemedia.co.nz</u> Website: countrywidemedia.co.nz dairyexporter.co.nz



### New Zealand's largest dairy farmer Dairy Holdings is focused on "People, Process and Pasture". The people in our business are at the heart of everything we do.

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Fonterra is a co-operative owned and supplied by thousands of <u>farming families</u> in Aotearoa New Zealand. Through the spirit of co-operation and a can-do attitude, Fonterra's farmers and employees share the goodness of our milk through innovative <u>foodservice</u> and <u>ingredients</u> brands. <u>Sustainability</u> is at the heart of everything we do, and we're committed to leaving things in a better way than we found them. We are passionate about supporting our communities by <u>Doing Good</u>. <u>Together</u>.

#### **Contacts:**

Tom Munro	Eraina Temple
Regional Manager, Southern Central Canterbury	Co-operative Services Area Manager, Southern Central Canterbury
Phone: 027 243 0848	Phone: 027 216 8328
Email: tom.munro@fonterra.com	Email: eraina.temple@fonterra.com



LIC is a farmer-owned co-operative and world leader in pasture based dairy genetics and herd management. LIC exists to deliver superior genetics and technological innovation to help its shareholders sustainably farm a profitable animal.

With origins dating back to 1909, LIC has a long history of developing and delivering world-leading innovations for the dairy industry. The co-op continues to be one of the sector's biggest private investors in research and development.

Today the New Zealand-based co-op employs more than 700 permanent staff, swelling to 2000 during the spring peak dairy mating season. LIC also has offices in the United Kingdom, Ireland and Australia.

All LIC profit is returned to its farmer owners/shareholders in dividends, or reinvested for new solutions, research and development.

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## Rabobank

Rabobank is New Zealand's only specialist food and agribusiness bank, with more than 500 staff in locations across the country. We're focused on supporting NZ's farmers and growers to produce great food, that's sustainable for the environment, the farmers and the country. We work closely with our clients under our global mission of '**Growing a Better World Together**'.

#### Nicki McConnell

Area Manager Agribusiness Mid-South Canterbury Rabobank New Zealand M: 027 722 4854 E: nicki.mcconnell@rabobank.com rabobank.co.nz

## ravensdown

Ravensdown believes in '**Smarter farming for a better New Zealand**.' As a farmer-owned co-operative, we are relentless in our commitment to supporting our customers to achieve their productivity and sustainability. Using technology, science, and smart people, we work in partnership with our farmers to provide the nutrients and agronomic solutions they need, hand-in-hand with innovative environmental products and services.

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We believe sustainability shouldn't be a special term, but an integral part of how we operate, how we work, and how we live our lives.

We believe Silver Fern Farms can create positive change for our environment, our people, our communities and the economic success of New Zealand. We are 100% Made of New Zealand.

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Dairy Exporter is more than a magazine. It's exclusive online articles, weekly podcast episodes, Live Q+A's and four seasonal journals dedicated to tangible, onfarm advice to ensure you're equipped with the knowledge to succeed.



We are super busy and whilst we love our *Dairy* Exporter arriving, we are excited to hear that there will be a podcast and webinars with the same quality information that we can listen and watch to learn from the best.

- GLENN & SARAH JONES Canterbury dairy farmers

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data to the table has better outcomes While it's hard to control the uncontrollable facing your farming future, there is a lot to learn about how the best p

> Episode 7 - These farmers don't worry about the weather in winter with their are rarely predictable and can throw s st expect them, so h

- Are we safe in a slight pivot away fre Co

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## Dairy Exporter with him

Every week, Editor, Sheryl Haitana & Deputy Editor, Anne Lee interview experts, inspiring dairy farmers and innovators to bring these stories to life in audio.

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Available wherever you listen to podcasts

## HOST FARMERS

#### Leighton & Hayley Parker

Leighton and Hayley have been married since 2010 and have two children. Having completed a Bachelor of Applied Science (Hons) at Massey University, Leighton spent 7 months in Mozambique doing agricultural missionary work. On his return, he worked with DairyNZ as a Consulting Officer in Whakatane and Mid-Canterbury.

Leighton and Hayley spent three years contract milking/ lower order sharemilking with Dairy Holdings (DHL) in Canterbury and Leighton had a role with DHL as the Farm Systems and Production Manager. Following this, Leighton joined Perrin Ag in Central Plateau and became a partner in year two and consulted for 6 years.

Hayley is trained as a sonographer and works part time in this field. She also supports the farm administration

Leighton and Hayley have been in an equity partnership with Mark and Devon Slee since 2021.



## FARMER PANELISTS



#### Mark & Devon Slee

Mark and Devon are Dairy Farmers at Ealing, Mid Canterbury.

They own and operate three dairy farms plus two support blocks totaling 1201 Ha.

They have an equity partnership with Leighton & Hayley Parker on an additional 177 Ha, milking 625 cows.

#### **Carlos Cuadrado**

Carlos and his wife Gisela are from Argentina and have four children. They came to New Zealand in 2002 and are sharemilkers, as well as farm owners, and have been running and administering 2-3 dairy farms in the past 10 years.

They love life on the farm and travelling together as a family to see different places and to meet people from different backgrounds.



#### ASB SPEAKER (Opening Comments)

Aidan Gent

#### General Manager Rural Banking, ASB Bank Limited

Aidan joined ASB as National Manager, Rural Corporate in November 2021. Aidan was appointed General Manager, Rural August 2023.

Born and raised in Ruawai, Northland, Aidan maintains an active involvement in his Ruawai farming business. Starting his banking career as a Rural Graduate in Christchurch. Aidan has had roles in Rural and Institutional Banking, Corporate Advisory, Strategy, Product and Transformation across NZ and Australia.

Aidan is deeply passionate about the opportunities within the food and fibre sector and helping customers achieving their goals.

## ASB ONE STEP) AHEAD



### **SESSION SUPPORT**



ravensdown

#### Dr Ants Roberts Science Mentor, Ravensdown

Since 2002, Ants has a Bachelor of Agricultural Science degree (1st Class Hons) and a Doctor of Philosophy degree in Soil Science, both from Massey University and is a Fellow of the NZ Soil Science Society. Ants has been Chief Scientific Officer for Ravensdown since 2002. Formerly, Ants was an agricultural scientist for MAF and AgResearch for 22 years. Ants manages agronomic research and development projects let to a range of research providers including Massey and Lincoln Universities, AgResearch, and Plant and Food and assists the Fertiliser Association of New Zealand in a technical capacity. He trains approximately 70 Ravensdown field staff in soils & agronomy and works with farmer shareholders. He is either the senior author or a contributing author of 65 refereed Scientific Journal or Conference papers, a further 70 scientific or extension conference papers, 5 book chapters and 4 extension booklets.

## PANEL FACILITATOR





#### Brent Love Partner - Farm Enterprise, KPMG

Brent has over 23 years of experience in the agriculture sector, specialising in rural finance and farmer-based networks. His rural retail banking career spans 18 years where Brent held senior roles at ANZ and Rabobank. Since joining KPMG in 2013 he has developed a client consulting base within Canterbury and North Otago and led the establishment of the Timaru practice for KPMG.

Brent's role within KPMG is to enhance the knowledge that KPMG can bring to the agriculture sector. He specialises in advisory and financial management of private and corporate agricultural businesses, as well as provides additional support around equity partnerships, debt funding, succession planning and strategy.

Brent is well versed in on-farm management practices and systems with significant practical experience too. Through long-term commitment to the industry, Brent has a good understanding of physical, financial and social (people) factors in business.

## **SESSION FACILITATORS**



#### Virginia Serra



Head of the Solutions and Development Team, DairyNZ

Virginia was brought up on a dairy farm in Uruguay and has nearly two decades working in the New Zealand dairy sector. She spent 14 years in extension before moving to the Science team and now the Solutions and Development team.

Virginia has been involved with many extension and development initiatives including the Lincoln University Demonstration Dairy Farm management team, the establishment of Progression groups in Canterbury, the analysis of profitability drivers in Canterbury dairy systems and more recently projects focusing on addressing the environmental footprint of dairy farming while maintaining the profitability and viability of the sector. Virginia is passionate about bringing evidence-based information to support decision-making on farms.



#### Heather Donaldson

Area Manager - Mid-Canterbury DairyNZ



Heather joined DairyNZ in 2018, having come from a background of contract milking and sharemilking alongside her husband.

Prior to working with DairyNZ, Heather completed a Bachelor of Agri-Science extramurally while her first two children were young, and tutored for Primary ITO.

Her work on farm along with her experience at DairyNZ has lead to a strong interest in creating on farm growth through a practical approach.



#### **Al Rayne**

#### Pasture Summit Secretary and Canterbury Dairy Farmer



Secretary of Pasture Summit, proud to be a NZ dairy farmer and committed to a vibrant dairy sector. Raised on a sheep station near Fairlie. Following Lincoln, five years Dairy Extension with discussion groups in New Zealand, then four years extension in Ireland. Herd manager Taranaki followed by sharemilking in Canterbury for seven years, and a growing family. Joined a start-up growthfocused dairy equity partnership, Canterbury Grasslands, whilst sharemilking and have remained active in that. Purchased own farm near Darfield, and over time have grown to 900 cows. Farm goals throughout have been to operate an enjoyable, simple farm operation that grows staff capability, and returns high EBIT.



## **Tune in to Talking Dairy** The go-to podcast for New Zealand dairy farmers

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Hear from farmers, scientists, and experts who share practical tips and insights to help you succeed. It's all about giving you the tools and knowledge to make the best decisions for your farm. Brought to you by DairyNZ, we help farmers lead the world in sustainable dairying by investing in research, new solutions and advocacy.





## Welcome, Introductions and why we are on this farm

Al Rayne Pasture Summit Secretary





Virginia Serra Head of the Solutions and Development Team, DairyNZ

#### **Opening comments**

Aidan Gent General Manager Rural Banking, ASB Bank



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NOTES

#### SESSION 1: BUSINESS GOALS & FINANCIAL RESULTS

#### Leighton & Hayley Parker (host farmers) presenting



Facilitated by Virginia Serra Head of the Solutions and Development Team, DairyNZ

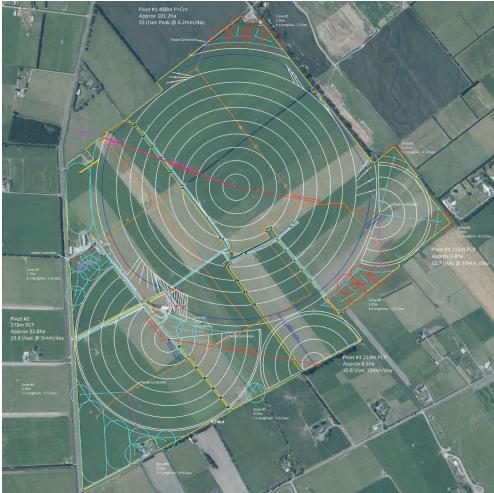


#### NOTES

### **Melrose Pastoral Ltd**

Leighton & Hayley Parker (in equity partnership)

	2021/22	2022/23	2023/24	2024/25 budgeted
Effective area (ha)	166	166	166	166
Peak cows milked	595	615	607	625
Stocking rate (cows/ha)	3.58	3.70	3.66	3.76
Total kg MS	244,938	255,484	274,186	295,000
kg MS/ha	1,476	1,539	1,652	1,777
kg MS/cow	410	415	452	472
Pasture & Crop Harvested (t DM/ha)	15.3	15.8	17.5	17.8



#### **Business Overview**

- Melrose Pastoral Ltd (MPL) purchased their Fords Road dairy farm in 2021. MPL is an equity partnership including Leighton and Hayley Parker and Mark and Devon Slee.
- The total area of the farm is 177.5 ha with 166 ha effective. (PAW<sub>60cm</sub> = 120-140 mm).
- About 300 cows are wintered on-farm (on crops and grass) and the rest are wintered off-farm (including on 6 ha leased from a neighbouring lifestyle block on Nov 23, and at graziers).
- All young stock is grazed off-farm.

#### **Farm Team**

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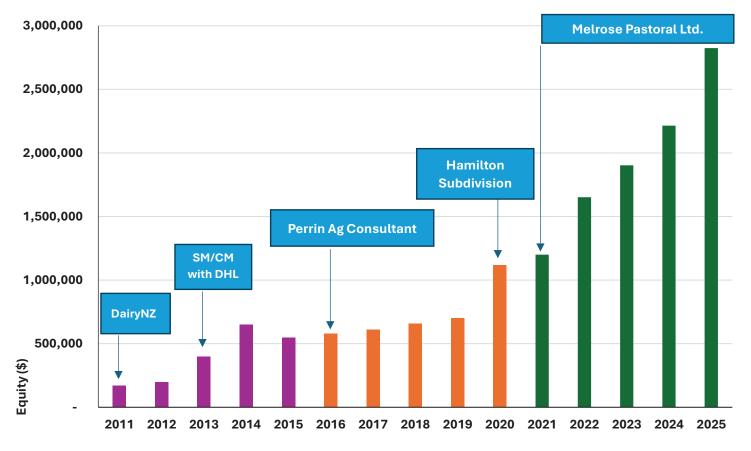
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Tamara Tait (2IC), Brian Cowie (Farm Assistant). Supported by casual staff at some time of the year (calf rearer and relief milkers supporting the team during busy periods).

#### **Parker's Vision Statement** To own land and provide a good life for our family. To be good stewards of the land and operate with Christian principles, instilling these into our children. To always be grateful for what we have, and to use our position to bless others. **Business Objectives Farming Philosophies** Honor our shareholders • Good decision-making requires accurate and timely information • Be good stewards of our animals and land Use science and evidence-based analysis ٠ Operate with honesty and integrity Performance indicators need to align with ۲ our objectives Provide a safe, happy and sustainable work environment for our staff Minimize putting machinery between cows • and their feed Deliver consistent high performance to support growth and sustainable business Only purchase depreciating assets out of practices necessity or when there is a clear economic advantage • KPIs and Targets for 2024/25 Keep it simple, doing the fundamentals well • ROA >9% achieves high performance FWE <\$4.70/kg MS Pasture Eaten >18t DM/ha 6-wk in-calf rate >84%, empty rate <7% 0 staff turnover 0 serious harm incidence

#### Leighton and Hayley Dairy Career Progression

- 2007: Leighton completed a Bachelor of Applied Science (Hons) at Massey University.
- Spent 7 months in Mozambique doing agricultural missionary work after University.
- 2009-2011: Came back to a role with DairyNZ as a Consulting officer briefly in Whakatane and then in Mid-Canterbury.
- Leighton and Hayley married in 2010. Hayley trained as a sonographer and worked full-time, later moving to part-time as family life began. She supports the farm administration including managing payroll and health and safety.
- 2011-2015: Spent three years contract milking/lower order sharemilking with Dairy Holdings (DHL) in Canterbury and also had a role with DHL as the Farm Systems and Production Manager. DHL provided an opportunity to build ownership in cows which grew to 500 by year 3 (mostly leased).
- 2016-2021: Was working too much, and milk price crashed so we decided to exit dairying and go back to consulting. Joined Perrin Ag in Central Plateau and became a partner in year two and consulted for 6 years.
- 2021: An opportunity arose to buy the farm in partnership with Mark and Devon, so we headed back south.
- November 2024: A few weeks ago, the partnership went unconditional on a 293-ha dairy farm and 42-ha support block.



#### Leighton and Hayley Equity Growth (2011 – 2024)

#### **Melrose Pastoral Ltd**

The farm was purchased in May 2021 by the partnership for \$7.2m (\$40,500/ha) with a further \$1.5 million invested as follows:

- 2021/22 season: dairy shed was extended from 34 to 40 aside, installed automatic cup removers and protrack. Completed 2-way lane to support 2 herd system. Completed renovations to the main house. 60 ha under-sowing completed.
- 2022/23 season: installed 4 centre pivots. Completed renovations to farm assistant house.
- 2023/24 season: farm started supplying Fonterra, installed rubber mats to dairy shed, renovated 2IC house, installed new well at dairy shed for milk cooling. Paid first shareholder dividend.

No significant Capex was undertaken in 2024/25, focused on optimizing free cash to pay shareholder dividends.

Considering purchased value + investments of 8.7m (\$7.2m + \$1.5 m) and assuming current land values of \$55,000/ha (\$9.76m), the capital investment on the farm would be fully realized.

Pivots and rubber matting can be depreciated over a short time frame reducing future tax liability and shortening the payback period for these investments.

Capex is challenging and must be evaluated carefully to ensure it achieves the business objectives. Pivot and rubber mats provide a good example of positive return. The Protrack installation, which has a design issue, is an example of not.



#### Melrose Pastoral Ltd Partnership - Equity Growth (May 2021 – May 2025)

- ROA% for 2024/25 forecasted to be 10.1% with the average cost of funding at 6.8%. Therefore, the business is generating wealth from its financial leverage.
- Total Return on Investment (ROI) since purchasing the farm on 25 May 2021 up to 31 May 2025 is projected to be 93.7%. This includes dividends paid to shareholders.
- Average annual growth in equity of 19% for the period 25 May 2021 to 31 May 2025 (based on projected assets values less liabilities).

#### **Physical Performance**

Melrose Pastoral Ltd Performance over time		2020/21 Pre-ownership	2021/22	2022/23	2023/24	2024/25 Forecast
Total Area	ha	177.5	177.5	177.5	177.5	177.5
Effective Area	ha	166	166	166	166	166
Crop Area	ha	n/a	6.7	7.3	7.3	10
Peak Cows Milked	# Cows	585	597	615	607	625
Stocking Rate	Cows/ha	3.52	3.60	3.70	3.66	3.77
Cow Liveweight	Kg lwt/cow	470	440	450	460	460
Liveweight per ha	Kg lwt/ha	1,656	1,582	1,667	1,682	1,732
Total Milk Production	Kg MS	219,458	244,938	255,484	274,186	295,000
Per hectare	Kg MS/ha	1,322	1,476	1,539	1,652	1,777
Per cow	Kg MS/cow	375	410	415	452	472
Milksolids as % Liveweight	%	80%	93%	92%	98%	103%
Fertiliser Applied						
Nitrogen	Kg/ha	n/a	173	170	181	180
Phosphorous	Kg/ha	n/a	36	27	42	38
Potassium	Kg/ha	n/a	42	42	65	72
Sulphur	Kg/ha	n/a	71	77	68	60
N loss to water (OverseerFM)	Kg N/ha/yr		28	25	25	
Pasture and Crop Harvested	t DM/ha	12.7	15.3	15.8	17.5	17.8

Melrose Pastoral Ltd &	2021	/2022	2022/2	2023	2023/2024	
Ashburton District (Benchmarking) DairyBase	Melrose Pastoral	Benchmark Ashburton	Melrose Pastoral	Benchmark Ashburton	Melrose Pastoral	Benchmark Ashburton
Milksolids per cow	410	458	415	440	452	478
Milksolids per cow (kg MS/cow) as % of cow liveweight	89%	96%	90%	92%	98%	99%
Milksolids per hectare	1,476	1,715	1,539	1,623	1,652	1,798
Total feed eaten t DM/ha (including replacements)	21.0	23.2	22.0	22.5	22.6	23.9
<ul> <li>Off-farm grazing eaten:</li> <li>replacement stock t DM/ha</li> </ul>	2.5	3.0	2.8	2.7	2.7	2.7
<ul> <li>Off-farm grazing eaten:</li> <li>dry cow grazing t DM/ha</li> </ul>	1.9	2.5	2.0	2.5	1.4	2.6
<ul> <li>Imported supplements eaten</li> <li>(internally sourced) t DM/ha</li> </ul>	0.0	0.1	0.0	0.1	0.0	0.0
<ul> <li>Imported supplements eaten</li> <li>(externally sourced) t DM/ha</li> </ul>	1.4	2.5	1.8	2.7	1.4	3.1
= Pasture & crop grown and eaten within the season t DM/ha	15.3	15.2	15.5	14.3	17.1	15.5
+ Pasture and crop exported t DM/ha	0.0	0.1	0.3	0.2	0.4	0.1
= Pasture and crop harvested t DM/ha	15.3	15.3	15.8	14.5	17.5	15.6
Imported supplement eaten (kg DM/cow)	387	695	476	778	381	829
Imported grazing off eaten (kg DM/cow)	519	663	540	679	395	686
Imported supplement and grazing off eaten (kg DM/cow)	906	1,358	1,016	1,457	776	1,515

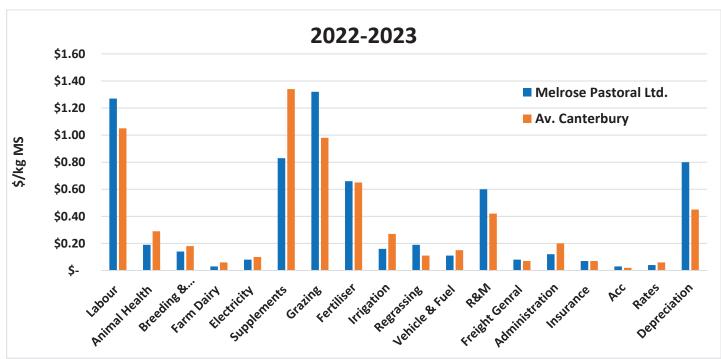
#### **Financial Performance**

Melrose Pastoral Ltd &	2022/	2023	2023/24		
Canterbury Average (Benchmarking) DairyBase	Melrose Pastoral Ltd	Canterbury Average	Melrose Pastoral Ltd	Canterbury Average	
# Farms in Benchmarking group		117		52	
Kg MS/ha	1,534	1,494	1,647	1,499	
Kg MS/cow	415	436	452	444	
Farm Working Expenses (\$/Kg MS)	5.92	5.8	4.59	5.62	
Gross Farm Revenue (\$/kg MS)	8.75	8.97	8.27	8.67	
Operating Expenses (\$/kg MS)	6.71	6.47	5.35	6.2	
Operating Profit (\$/Kg MS)	2.04	2.5	2.91	2.47	
Gross Farm Revenue (\$/ha)	13,426	13,400	13,616	12,998	
Operating Expenses (\$/ha)	10,301	9,661	8,818	9,295	
Operating Profit (\$/ha)	3,125	3,739	4,798	3,702	
Operating Profit Margin (%)	23%	26%	35%	28%	

- For benchmarking purposes, financial KPIs include non-cash adjustments (depreciation, livestock and feed inventory, owned support block and unpaid labour).
- For Melrose Pastoral Ltd, the main non-cash adjustment is depreciation.

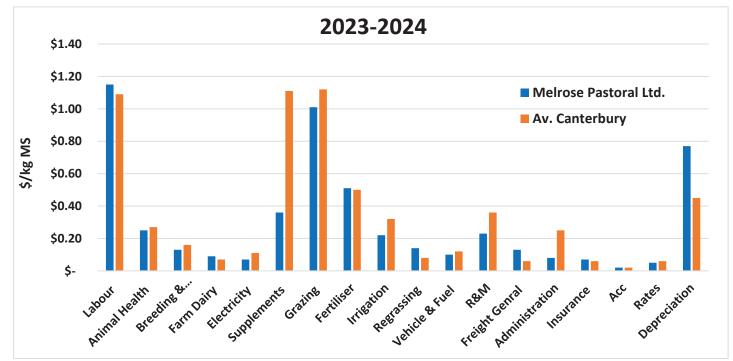
#### **Financial Management**

- Budgets are completed in March for the following season
- GST completed at 2 monthly intervals allowing financial progress to be updated regularly.
- Financial reporting completed quarterly for shareholdings. Variances to budget managed closely.
- Forgo some production to maintain a low operating cost structure and high operating profit margin.
- Performance indicators focus on core assets (land > cows).
- Strong believer in the DuPont model return on equity driven by profitability, asset efficiency and financial leverage.



#### **Operating Expenses - Melrose Pastoral Ltd & Canterbury Average (DairyBase)**

- Costs in 2022/23 included the new pivots installation costs (roughly \$0.25/kg MS).
- North island R2 heifers were brought from the Waikato with a 5 July PSC which made spring particularly challenging with wet conditions
- The wet spring resulted in about 60ha of pasture damage needing to be repaired as well as additional feed required as feed wastage was very high, and regrowth was slow in the second round (roughly \$0.50/kg MS)
- Depreciation is tracking high due to farm developments. Irrigation developments contribute \$0.48/kg MS. The pivots and related infrastructure can be depreciated over 5 years allowing some capital to be recovered quickly by offsetting tax liabilities.



- Costs came down in 2023/24 with normal spring conditions and farm developments starting to pay off.
- Increased production helped dilute costs but total FWE decreased by approximately 200k.
- Calving later has helped with managing spring and we can decide to extend lactation at the back end of the season if conditions allow (without compromising BCS and APC).
- Lower fertiliser costs helped reduce fertiliser spend by approximately \$0.15/kg MS.
- Regrassing costs are generally high as maintaining high-performing pastures on heavy ground requires regular upkeep.

#### Cashflow Budget 2024/2025

	Total	(\$)	\$/kg I	MS	Variance	
Budget 2024 2025	Act + F/cast	Budget	Act + F/cast	Budget		
INCOME			295,000	285,000	10,000	49
Dairy Cattle Cash Profit	80,637	86,750	0.27	0.30 -	6,113	-10%
Milk Production Cash Profit	2,688,361	2,280,000	9.11	8.00	408,361	14%
Other Income (Dividend)	51,549	36,000	0.17	0.13	15,549	38%
GROSS CASH PROFIT	2,820,547	2,402,750	9.56	8.43	417,797	13%
OPERATING EXPENSES						
Animal Health	56,587	56,700	0.19	0.20 -	113	0%
Breeding	37,690	37,800	0.13	0.13 -	110	0%
Calf Rearing	24,122	10,000	0.08	0.04	14,122	1419
Grazing	273,210	295,586	0.93	1.04 -		-89
Supplements & Concentrates	115,247	113,600	0.39	0.40	1,647	19
Weed & Pest	635	2,500	0.00	0.01 -		-75%
Cropping	38,565	12,000	0.13	0.04	26,565	2219
Pasture Renewal	18,600	13,065	0.06	0.05	5,535	42%
Irrigation	6,020	-	0.02	-	6,020	/
Fertiliser	142,339	152,000	0.48	0.53 -		-6%
Staff Costs	322,328	324,610	1.09	1.14 -		-19
Freight	21,234	20,088	0.07	0.07	1,146	6%
Repairs and Maintenance	92,835	80,000	0.31	0.28	12,835	16%
Electricity	85,492	84,000	0.31	0.28	1,492	29
Sundry Expenses	6,029	8,000	0.23	0.23		-25%
Shed Expenses	7,615	12,000	0.02	0.03 -		-37%
Vehicle Expenses	29,319		0.03	0.04 -	1,319	-577
•		28,000		0.10		
Insurance	17,499	18,500	0.06	0.06 -		-5%
Rates	18,428	18,500	0.06			0%
Administration	19,244	17,000	0.07	0.06	2,244	139
Levies	11,100	10,000	0.04	0.04	1,100	119
Lease OPERATING EXPENSES	7,150 <b>1,351,288</b>	5,000 <b>1,318,949</b>	0.02 <b>4.58</b>	0.02 4.63	2,150 <b>32,339</b>	43% <b>2%</b>
OPERATING SURPLUS	1,469,259	1,083,801	4.58	4.05 3.80	385,458	27 319
less depreciation	205,000	205,000	0.69	0.72	-	-
OPERATING PROFIT (EBIT)	1,264,259	878,801	4.29	3.08	385,458	39%
\$/ha	7,616	5,294		5.00	2,322	
less Interest	361,274	387,500	1.22	1.36 -		-109
less tax	252,836	137,564	0.86	0.48	115,272	78%
NET PROFIT AFTER INTEREST & TAX (NPAIT)	855,149	558,737	2.90	1.96	296,412	48%
					230,412	407
Principle repayment	265,000 20,000	265,000 20,000	0.90 0.07	0.93 0.07	-	-
	,				-	-
CASH SURPLUS/DEFICIT	<b>570,149</b>	273,737	1.93	0.96	296,412	1019
ROA %	10.1%	Melre	ose Pastoral Lt	d Cash basis	(\$9.50/kg MS	forecast
ROE%	12.8%		als + Forecast C			
Average Cost of Funding	6.8%			-	Sugerior th	

nilk price) Actuals + Forecast Compared to Budget for the p/e 31 May 2025

Actuals to 31 October 2024

#### Comments Budget 2024/25

- The 2024/25 budget was completed in March 2024. The forecast milk price has increased to \$9.50 compared to a budgeted milk price of \$8.00.
- Forecasted production has increased by 10,000 kg MS relating to a strong spring and the decision to milk highproducing empties through to April which are normally culled in Feb/Mar. This is a rare decision for the farm but a favourable milk price and low feed costs provide a unique opportunity to generate more profit.
- Milk powder has also been fed this season, as it is cheaper than milk, but it also provides an opportunity to fortify the milk and boost calf weight gains which it has.
- In the budget it was assumed that no fodderbeet was to be grown this season. However, we have gone back to growing beet, hence the higher cropping costs.
- Repairs and maintenance are well up on last season as we have completed approximately 600m of lane upgrades.
- Total Farm Working Expenses are projected to be \$32k up on budget but the higher production will dilute these bringing them roughly in line with budget (\$4.58 vs \$4.63/kg MS). This should indicate a margin being achieved on the additional expenditure invested.



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We're committed to 100% pasture, recognising the inherent goodness of a grass-fed diet. Keeping our operations selfcontained, maximising economies of scale, and focusing on best farming practices are qualities deeply embedded in the way we do things.

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Visit: farmsthatgrowfarmers.co.nz for more information.







Key success factors in a high pasture & crop harvested/ha system

Leighton & Hayley Parker (host farmers) presenting

Facilitated by Al Rayne, Pasture Summit

Session supported by Dr Ants Roberts, Ravensdown



Decisions

### Decisions

## Decisions

Decisions

Decisions

Decisions

Decisions

## Decision Decisions

Decisions

Decisions

#### Got a lot on your mind?

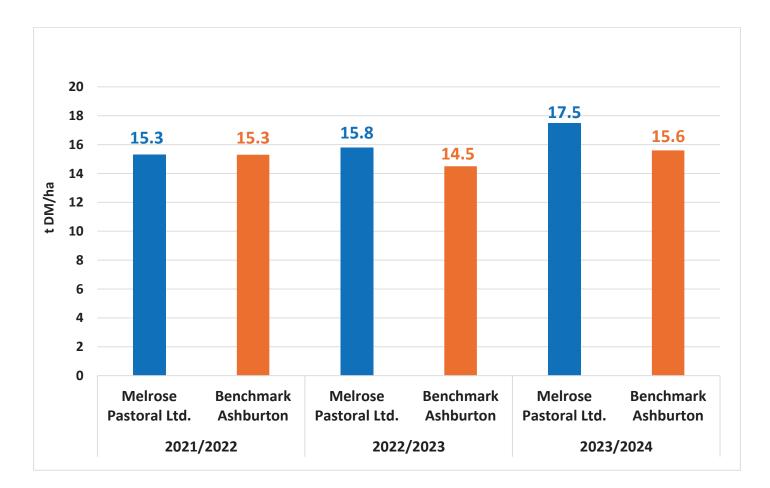
Getting a Ravensdown Agri Manager on your team is the smart call for spring. They're your partner behind the farm gate, ready to share the load for some of those big decisions – like creating the best nutrient plan for your land and business. There are 70 around the country, available in person or on the phone. Because to know how, you have to know who.

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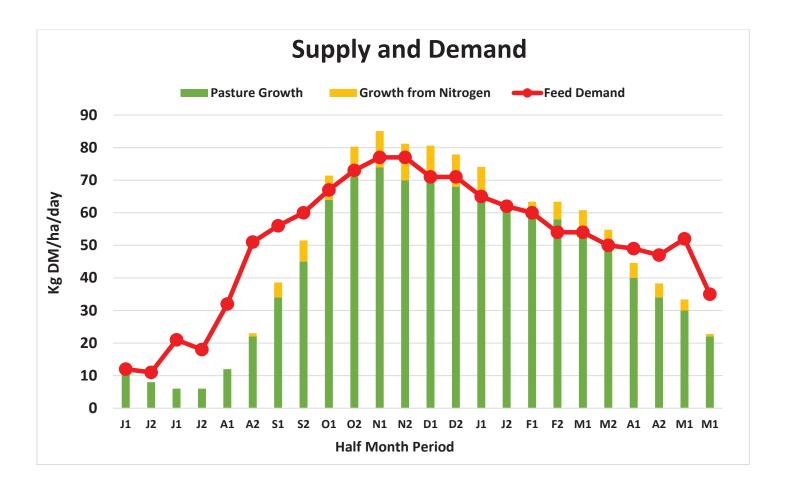


#### Pasture and Feed Management

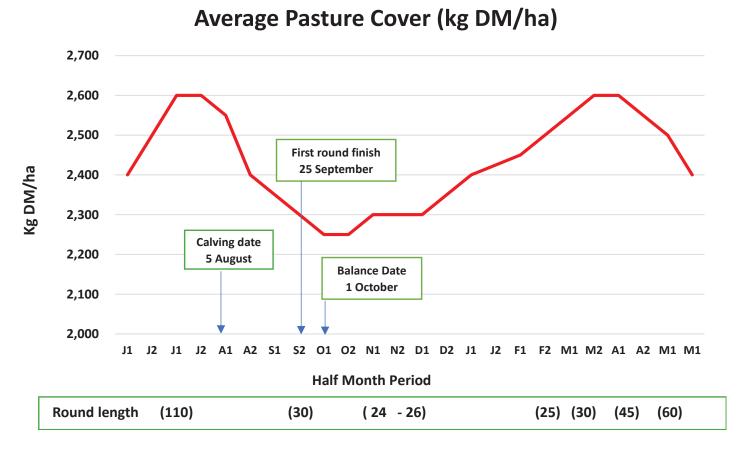
#### Pasture and Crop Harvested - Melrose Pastoral Ltd & Ashburton District (DairyBase)



- Pasture eaten and production have steadily increased as we have improved pastures and irrigation.
- 130 ha of regrassing and under sowing completed in 2021/22 and 2022/23 seasons.
- New grass includes 18 kg/ha perennial diploid, 5 kg/ha of clover (2 species), and 1 kg of prairie grass.
- Previously included plantain. Uncertain of direction with plantain and fodderbeet. Complicates management but achieves improved environmental overcomes.
- Grazing principles followed:
  - Operate 3 leaf principle August February and 3.5 leaves March July.
  - Intake is governed by grazing time x bite size x bite rate
  - Energy consumed is governed by intake x avg. energy of pasture.
- 5 August calving date
- Believe that maintaining high grazing intensity is crucial for driving high pasture eaten (calculated by MJME <u>not</u> kg DM). Stocking rate is 3.76 cows/effective hectare which is increased to 4.0 cows/ha with the fodderbeet area removed.
- Supplement is used to fill spring deficit and autumn crop used to fill autumn deficit.

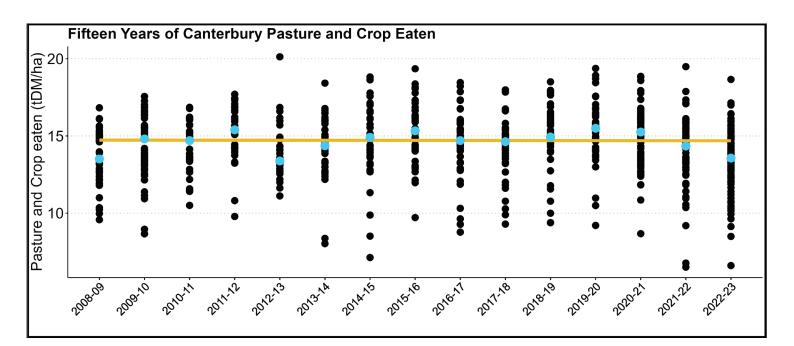


• Round length management: 110 days 5 August to 30 days by 1 October. 24-26 day working round October dropping to 22 days during heading. 25 days 1 February. 30 days 1 March. 45 days 1 April, 60 days 1 May.

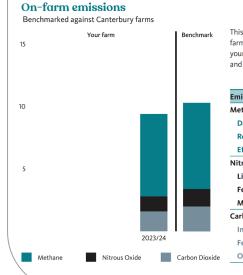


#### Canterbury Pasture and Crop Eaten (last 15 years) from DairyBase

- Black points farm P&C eaten estimates within a season
- Blue dots P&C eaten seasonal median (average)
- Yellow line median (average) long-term P&C eaten trend



### GHG Emissions 2023-24



This data shows the emissions that are created from your farming activities. There are also other things that influence your farm's footprint - things like peat soil, land-use change and carbon removals. These aren't captured in the data below.

	Your Farm	Benchmark
Emissions (kgCO2e)/ kgMs	9.5	10.30
Methane (biological)		
Dairy herd	5.20	5.50
Replacements	0.90	0.90
Effluent	0.50	0.50
Nitrous Oxide (biological)		
Livestock	0.90	0.90
Fertiliser	0.30	0.40
Manure and soil	0.00	0.10
Carbon Dioxide (non-biological)		
Imported feed	0.50	0.80
Fertiliser	0.50	0.40
Other	0.60	0.80

### Purchased Nitrogen Surplus 2023-24



(Data from Fonterra Insights Report)



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National benchmarks Trend view

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#### SESSION 2B: Achieving Excellent Results with Herd Reproduction Key success factors for excellent breeding results

Leighton & Hayley Parker (host farmers) presenting

Facilitated by Heather Donaldson Area Manager at DairyNZ





NOTES

#### Breeding, Mating Management and Reproduction Performance

#### **Herd Information**

- High index herds purchased out of Taranaki (current BW 290, PW 309).
- We are targeting a J10/F6 cow that has big capacity, black feet, high components, and good fertility. Breeding objectives align the cow to our farm and system operated.
- Will move to an F8J8 type cow on next farm as lighter soils will support a slightly larger cow.

#### **Mating Management**

- 10 ½ week mating duration, 6 weeks AI + 4 weeks bulls.
- No intervention, big focus on the fundamentals (BCS, health, feeding, minerals).
- Only use jersey bulls, minimal calving and metritis issues.
- Started with 67% 6-week in-calf rate when herds were purchased. Improving reproductive performance is a large focus of ours.
- Utilize OAD with light and late calving cows. They go TAD once mated.
- Anecdotally, rubber mates have significantly reduced lame cow events and assisted with improving reproductive performance.

In Calf Rate (from Minda)	3 wk	6 wk	9 wk	9+ wk	Empty Rate
Spring 2023	60%	80%	89%	90%	10%
Spring 2022	56%	76%	86%	88%	12%
Spring 2021	49%	71%	86%	87%	13%

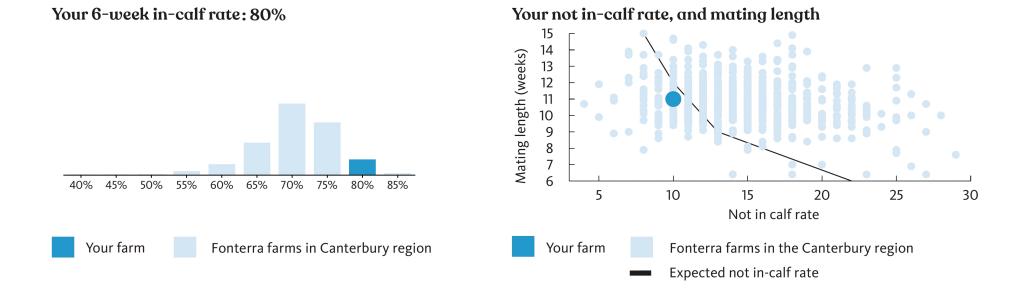
- Target for spring 2024 is 84% 6 week in-calf rate and 7% empty rate.
- Areas needing improvement to achieve above results
  - $\circ$   $\;$  Live weights on R2s entering the herd are still below target and need to lift.
  - Second calvers have been operated separately during winter and fed to achieve a 5.5BCS target. Still struggles to achieve this on high tonnage kale. Will winter second calvers on beet next winter and target achieving 5.5-6BCS.
  - Improved feeding for young cows. Poorer pastures on this area of the farm. More targeted regrassing.
  - Proactive second round treatment of metritis.

In Calf Rates by Age (Spring 23)	No	% of herd	3 wk	6 wk	9wk	9+ wk	Empty Rate
2 yr olds	128	21%	60%	77%	89%	90%	10%
3 yr olds	112	18%	55%	77%	90%	92%	8%
4-8 yr olds	328	54%	63%	83%	90%	91%	9%
9+ yr olds	42	7%	54%	76%	80%	83%	17%

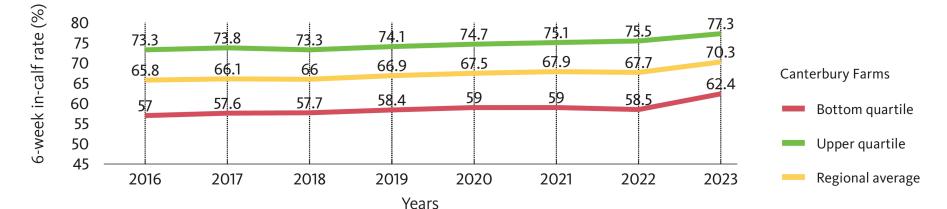
#### **Melrose Pastoral Ltd & Canterbury Farms from Fonterra Insights Report**

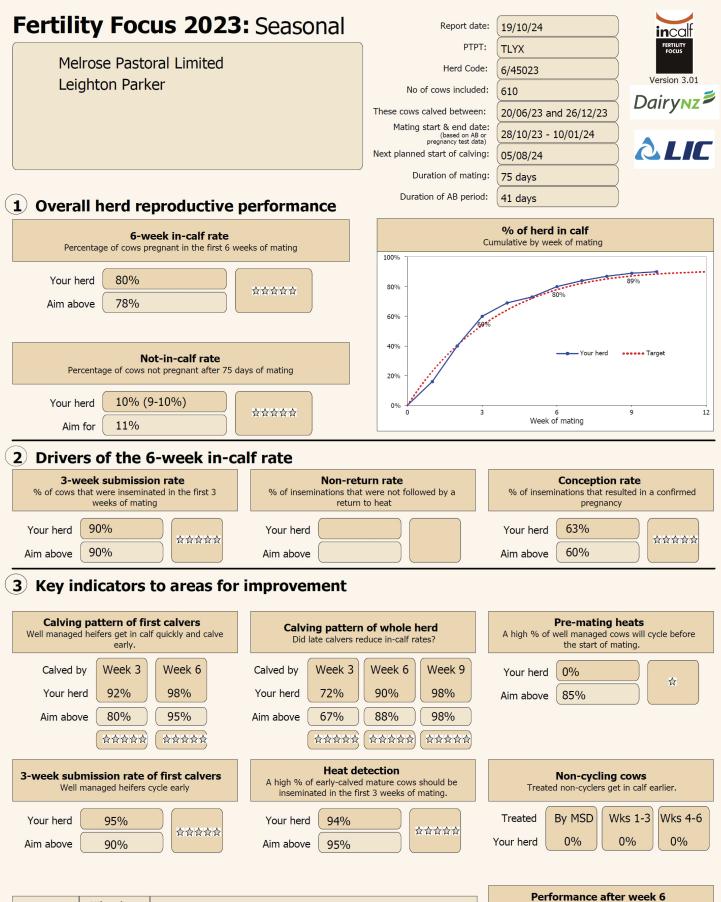
### **Reproductive performance**





#### Reproductive performance over time





Rating	What does it tell me?	What should I do?
☆☆☆☆☆	Top result	Ideal - keep up the good work!
☆☆☆	Above average	Getting there - focus on getting the details right.
☆	Below average	Plenty of room to improve - seek professional advice.
	No result	Not enough information provided - seek help with records.

Expected not-in-calf rate helps assess management affecting performance after week 6 (including bull management and herd nutrition).							
	Not-in-calf rate						
Your herd	10%	ОК					
Expected 11%							

### Continue doing what you do best

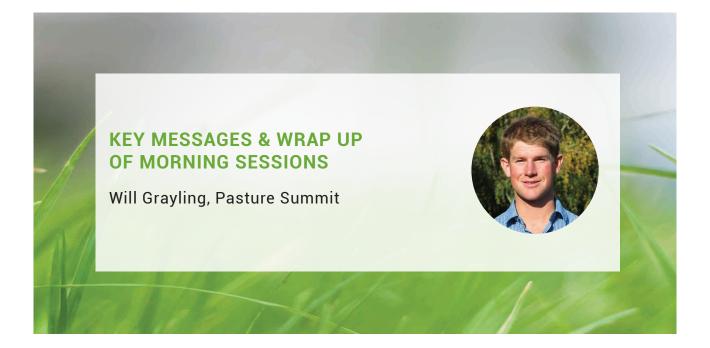
You've already made great genetic gains. You've improved your milk production, built a better herd, and are on track for further improvements.

Now's the time to keep up the good work.

Continue driving your genetic gains with superior genetics. Continue knowing you're making the right selections with GeneMark<sup>®</sup> and accurate herd record keeping in MINDA<sup>®</sup>. Continue herd and animal health testing to support your on-farm decisions, and eliminate surprises. And we'll continue supporting you every step of the way.



#### There's always room for improvement



#### NOTES



## The Rabo Community Fund. Helping farmers catch a break.

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As New Zealand's only specialist food and agri bank, we understand the importance of strong rural communities. That's why we set up the Rabo Community Fund to support community-led initiatives like Surfing for Farmers, Meat the Need, Growing Future Farmers, and Garden to Table. Initiatives that help our rural communities to grow and thrive. To find out more, go to **rabobank.co.nz/community** 



#### **SESSION 3: PROGRESS & EQUITY GROWTH PATHWAYS**

Panel discussion and open Q&A exploring progression and equity growth pathways for young farmers wanting to progress in dairying.

Panelists:

- Leighton & Hayley Parker (host farmers)
- Mark & Devon Slee (in an equity partnership with the Parkers)
- Carlos Cuadrado



Facilitated by Brent Love, Partner - Farm Enterprise, KPMG

#### NOTES

## **FEEDBACK SHEET**

#### Canterbury Spring Event 2024

1) Overall the value I got out of today's event was...

	 	·····		 		,
Low 1	2		3	4	5	High
	 <b>4</b>		•	 	<b>.</b>	ingn

#### 2) I attended the following sessions and got the following value from them.... (please tick only the sessions you attended)

Session	Presenter	Low				High
56551011	Flesentei	1	2	3	4	5
Session 1: Business Goals & Financial Results	Leighton & Hayley Parker (host farmers) Facilitated by Virginia Serra, DairyNZ					
Session 2: Pasture and Breeding	2A Key success factors in a high pasture & crop harvested/ha system Leighton & Hayley Parker (host farmers) Facilitated by Al Rayne, Pasture Summit Session Supported by Dr Ants Roberts					
	2B Achieving Excellent Results with Herd Reproduction Leighton & Hayley Parker (host farmers) Facilitated by Heather Donaldson, DNZ					
Session 3: Progression & Equity Growth Pathways	Panel discussion and open Q&A exploring progression and equity growth pathways. Facilitated by Brent Love, KPMG.					
Venue: Fords Road farm venue						
Morning tea and refreshments						
LUNCH - kindly sponsored by Silver Ferr	Farms, Fonterra and Farm Source					

#### 3) The best part of the day was

#### 4) Something that could be improved is

#### **5)** How did you hear about this event? (please tick)

Discussion Group / Consulting Officer	
Word of mouth	
Dairy Exporter Magazine	
Online	
Promotional Flyer in the mail	
Email from Pasture Summit	
Facebook/Instagram	
Twitter/X	
Rural Professional	
Other (please specify)	

#### 6) Please tick a box for.

Farm Owner	
Herd Owning Sharemilker	
Lower Order Sharemilker/Contract Milker	
Farm Manager	
Farm Employee	
Rural Professional	
Other (please specify)	

## FEEDBACK SHEET

Canterbury Spring Event 2024

Please take time to complete the feedback sheet on the overside.

Please deposit your completed forms in the collection box as you leave the farm.

You will also be emailed an online link after the event if you prefer to complete your evaluation electronically.

## THANK YOU FOR PROVIDING YOUR FEEDBACK



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Here's a collection of some of our most useful links and tools, to help you make gains in productivity and profitability - all while helping the Co-op to be more sustainable.



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View your Farm Insights Report



#### Explore your options

Check out the information on our new efficiency hub





#### Take action

Learn more about our efficiency service – it's all about helping you find the right options for your farm



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