

DairyNZ 
**Annual
Report**
2022/23



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OUR PURPOSE

Progressing a positive future for New Zealand dairy farming

We know our world is changing, and that DairyNZ must continue to support New Zealand dairy farmers to adapt and thrive.

To better meet the needs of dairy farmers, our purpose has evolved.

We exist to progress a positive future for New Zealand dairy farming, and will continue working with dairy farmers and others in the sector to make this happen.

Find out more about our purpose on the DairyNZ website www.dairynz.co.nz/about-us

Our focus areas

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

Our five-year Tararua Plantain research project partnering with dairy farmers, iwi and the community to improve water quality in the Tararua catchment was recognised with a Primary Industries New Zealand Team and Collaboration award.



96% of farmers now know their greenhouse gas emissions numbers.



We provided more than **2,600** farmers with practical support to manage cost pressures at **141** events, and developed the DairyNZ Econ Tracker to provide farmers and the sector with the latest economic data related to the dairy sector.

DairyNZ continued to work hard to find a fair and practical solution to pricing agricultural emissions that is better for farmers than the Emissions Trading Scheme. We supported farmers to understand the impact of Government's proposal, and engaged with more than **1,000** farmers across **21** events during consultation.

2 Develop future farm systems and sector scale solutions

Our science team had a busy year carrying out research on regional research farms to support farmers to be internationally competitive, locally responsible and regionally resilient.

Over **1,000** farmers are involved in our research, including helping design, trial and evaluate science solutions to farming challenges.

DairyNZ currently works with 45 research partners.



42,500

samples were taken at DairyNZ's Waikato research farms to support research trial work last year.

DairyNZ scientists published **70** peer reviewed articles last year on topics, from fertility to animal health, environmental solutions and forages.

72% of DairyNZ scientists have Doctorates.



3 Build the capability of people on-farm

Our GoDairy recruitment campaign ads appeared more than

13 million times

across our digital channels inviting people to consider a career in dairy.



We focused on making DairyNZ tools and resources easier to access with our Farming Fundamentals campaign. During its promotion, our Spring Rotation Planner tool received **1,339** downloads.



We helped farmers to attract farm assistants with our Know the Market tool, which received over **1,450** views.

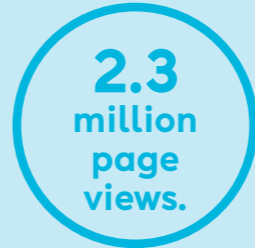
4 Engage and partner better with levy payers and farmers

DairyNZ hosted more than **900** local groups and larger events for farmers on a wide range of topics, from day to day management to emissions pricing and wearable technology.

DairyNZ connected with more than 70% of levy payers in person.



DairyNZ's website received over



DairyNZ's farmer facing teams talked with more than **470** farmers face to face and over the phone to provide practical support and advice after Cyclone Gabrielle.

5 Build trust and pride in dairy farming

On average, DairyNZ contributes to **300 stories** a month in the media, helping to support a positive and fair representation of our sector.

Our recent *Better* campaign used TV and online advertising to remind the New Zealand public that dairy farmers are here for the long game.

Half of New Zealanders who saw this campaign, said it made them **more favourable** towards dairy than they already were.

Our Better TV ad reached 1.2 million New Zealanders aged 40-64.



Jim van der Poel, Chair

Supporting dairy farmers toward a better future



Last season, like every year, came with its own set of unique challenges, and the current season is no different. Those of us who have been around for a little while have been here before, with low milk price forecasts. We got through those downturns, and we will get through this one too.

These are the times when dairy farmers need DairyNZ the most. DairyNZ remains focused on its job working alongside farmers, supporting them through this challenging economic climate, by helping maintain business viability in light of high costs and low expected milk payout.

Last season, DairyNZ ran events across the country, providing practical support and encouraging farmers to share their stories and tips on how they manage cost pressures. This will continue, reflecting the current operating environment.

Kiwi farmers are known globally for producing safe, pasture based, high quality and nutritional dairy products. We are renowned for our leading pasture-based farm systems and adapting to challenges we face.

Continuing to appeal to our international markets is key to New Zealand dairy's future, as is protecting our invaluable social licence here at home through sustainable food production.

Agriculture emissions pricing was a significant piece of work last season – as it has been in previous years – and will be important ongoing as we continue to advocate firmly for our sector. Our R&D team has also been researching viable solutions to help reduce emissions from our farms.

In the genetic gain space, New Zealand needs to keep pace with its international competitors to regain its world-leading status.

We believe we owe it to every farmer in New Zealand to change our current system to close the gap. Through DairyNZ subsidiary New Zealand Animal

Evaluation Ltd (NZAEL), we have proposed a single Breeding Worth (BW) index, so farmers can have confidence in the breeding decisions they make. We believe it will help dairy farmers achieve the highest rate of genetic gain in their herds.

Finally, I also want to acknowledge the change at DairyNZ, with Tim Mackle stepping down as chief executive after 15 years. I have immense respect for Tim and want to personally thank him for his years of unwavering dedication to DairyNZ, its team and to the farmers DairyNZ works on behalf.

In October we welcome our new chief executive, Campbell Parker, who brings extensive experience in the rural and corporate sectors. Campbell is passionate and enthusiastic about agriculture and the sector's future, and we are pleased to have him join the team.

Our board looks forward to working with Campbell and our farmers as we deliver on our vision of progressing a positive future for New Zealand dairy farmers.

I also want to acknowledge the Board for their contribution and dedication and the team at DairyNZ and acknowledge their commitment to delivering a better future for dairy farmers.

Lastly, I encourage you all to look after each other. We are stronger together in these times and we will get through by working together.

Warm regards,

Jim

Tim Mackle, Chief Executive

Science continues to provide practical, sustainable solutions



My time as DairyNZ's chief executive ended in July 2023, and it was a positive way to finish up thanks to the team's many achievements over the past year.

During 2022-23, DairyNZ continued a comprehensive programme of science and innovation, to support the sector's future success. This included ongoing research to deliver solutions that respond to the complex challenges that farmers face. These challenges include meeting changing regulations and evolving customer needs, while dealing with ongoing staffing shortages, and ultimately, staying profitable.

In February our DairyNZ-led Plantain Potency and Practice (PPP) programme released exciting trial results showing plantain's potential. Initial results from the programme's Massey University farm trials showed mixed pastures containing 30-50% Ecotain plantain can reduce nitrate leaching from dairy farms by 20-60%. Similar results have been found at Lincoln University, although trials are one year behind.

This technology can help further reduce farms' environmental footprint, as dairy continues to play our part in improving water quality.

Another encouraging project is DairyNZ's Less Methane research, which looks to identify practical, adoptable solutions suited to New Zealand's unique pasture-based dairy farms, while maintaining productivity and profitability.

DairyNZ scientists are studying ways to reduce on-farm emissions, working alongside various international partners, on a range of projects. Our Kiwi farmers have the world's lowest carbon footprint for on-farm milk production, but we need to keep improving to stay globally competitive.

DairyNZ has also prioritised regional support to help farmers address a range of local issues.

Adverse weather has presented real challenges. In the North Island we worked with farmers and sector groups during Cyclone Gabrielle's response and recovery, including hosting events to support farmers and communities.

Another regional initiative is the new Regional Farmer Groups, run by farmers for farmers. DairyNZ is working alongside these groups to address critical staffing shortages, by creating connections and collaborative solutions within these communities.

Our public audience continues to be a priority. Last October we launched our 'Here for the Long Game campaign', which shows farmers drive to do better. The campaign's television advertisements reached around 1.2 million people. Results showed that people who saw the campaign have a significantly higher trust of dairy farmers.

I would like to thank farmers for the opportunity to work for and with you over the last 15 years – I feel fortunate and truly honoured to have had this responsibility. Also, a heartfelt thanks to our terrific team, both current and past staff and board members. Looking ahead, I extend my best wishes to Campbell Parker as DairyNZ's new chief executive. I have no doubt that Campbell and DairyNZ's great team will support dairy farmers on the big challenges and opportunities ahead.

Ngā mihi nui,

Tim

DairyNZ Board of Directors



Jim van der Poel
Chair

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

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

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

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



Colin Glass
Farmer elected director
(retired by rotation)

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

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

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



Dr Jacqueline Rowarth
Farmer elected director

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

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

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



Tracy Brown
Farmer elected director

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

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



Chris Lewis
Farmer elected director

Chris started his career as a farm cadet, before moving into sharemilking. He currently farms 500ha at Pukeatua with wife Caroline, daughter Olivia and son Daniel, and another property at Te Awamutu running beef animals. They also rear around 400 calves a year and are supported by a team of five full-time staff.

Previously, Chris held a position as Dairy Chair for Federated Farmers, and also held portfolios covering animal welfare, ACC, employment, skills and training, immigration, adverse events and dairy. He also has experience on a variety of charitable trust boards, private companies and other farming representative roles, including the Waikato Farmers Trust.



Mary-Anne Macleod
independent director

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

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

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



Margaret Devlin
independent director

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

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

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



Mark Todd
independent director

Mark is an independent director of a broad range of New Zealand businesses. He is on the Board and chairs the Audit and Risk Committees of City Care Ltd and Paper Plus New Zealand Ltd. He is also a director of the New Zealand Lotteries Commission, Apex Water Ltd, St George's Hospital Inc. and McKenzie & Willis Ltd.

Prior to taking on these director roles, Mark was a senior executive at Kathmandu Holdings Ltd, where he was Chief Financial Officer and then Chief Operating Officer. He is a Chartered Accountant Fellow and a Fellow of the New Zealand Institute of Directors.

DairyNZ Senior Leadership Team



Dr Tim Mackle
Former Chief Executive

Tim has been DairyNZ's Chief Executive since its inception in 2007 and was chief executive of its predecessor Dexcel. After 18 years of service, Tim stepped down from his role as chief executive in July 2023. Throughout his tenure, Tim has made a significant contribution to the dairy sector, and has progressed a number of goals that have positively impacted dairy farmers across New Zealand.



Dr Bruce Thorrold
Strategy and Investment Leader – new systems and competitiveness

Bruce oversees investment in research into farm profitability and footprint, the national evaluation systems for animals (Breeding Worth) and the Forage Value Index.

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



Nick Robinson
Strategy and Investment Leader – sustainable dairy

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

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

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



Alyce Butler
Strategy and Investment Leader - people and business

Alyce has a critical strategic role at DairyNZ, with a particular focus on on-farm people benefits and farmer engagement.

Prior to joining DairyNZ, Alyce was a Management Consultant at Monitor Deloitte, both in New Zealand and The Netherlands. There, she was a leader in the Global Future of Food team, advising food and agriculture multinationals and institutions on how to get the best outcomes within a food system that is being disrupted.

Alyce is a Chartered Accountant and an enrolled Barrister and Solicitor of the High Court of New Zealand.



Julia Murphy
General Manager – people and culture

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

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

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



Dr David Burger
General Manager – sustainable dairy

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

David holds a PhD in Limnology and a MSc in Freshwater Ecology from the University of Waikato.



Bridget Maclean

General Manager – new systems and competitiveness

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

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



Sarah Speight

General Manager – farm performance

Sarah leads the Farm Performance team which holds a central role in connecting with dairy farmers across New Zealand. Sarah’s team helps dairy farmers be better by supporting farmers both one-on-one and through events in line with our better farming strategy. With more than 25 years experience in the sector since starting work as a Consulting Officer in 1993, Sarah has held numerous roles including farming, dairy operations management at scale, consultancy and industry good leadership both in New Zealand and overseas. Sarah holds a B.Agr.Sc from Lincoln University.



David Evans

Former General Manager - corporate services

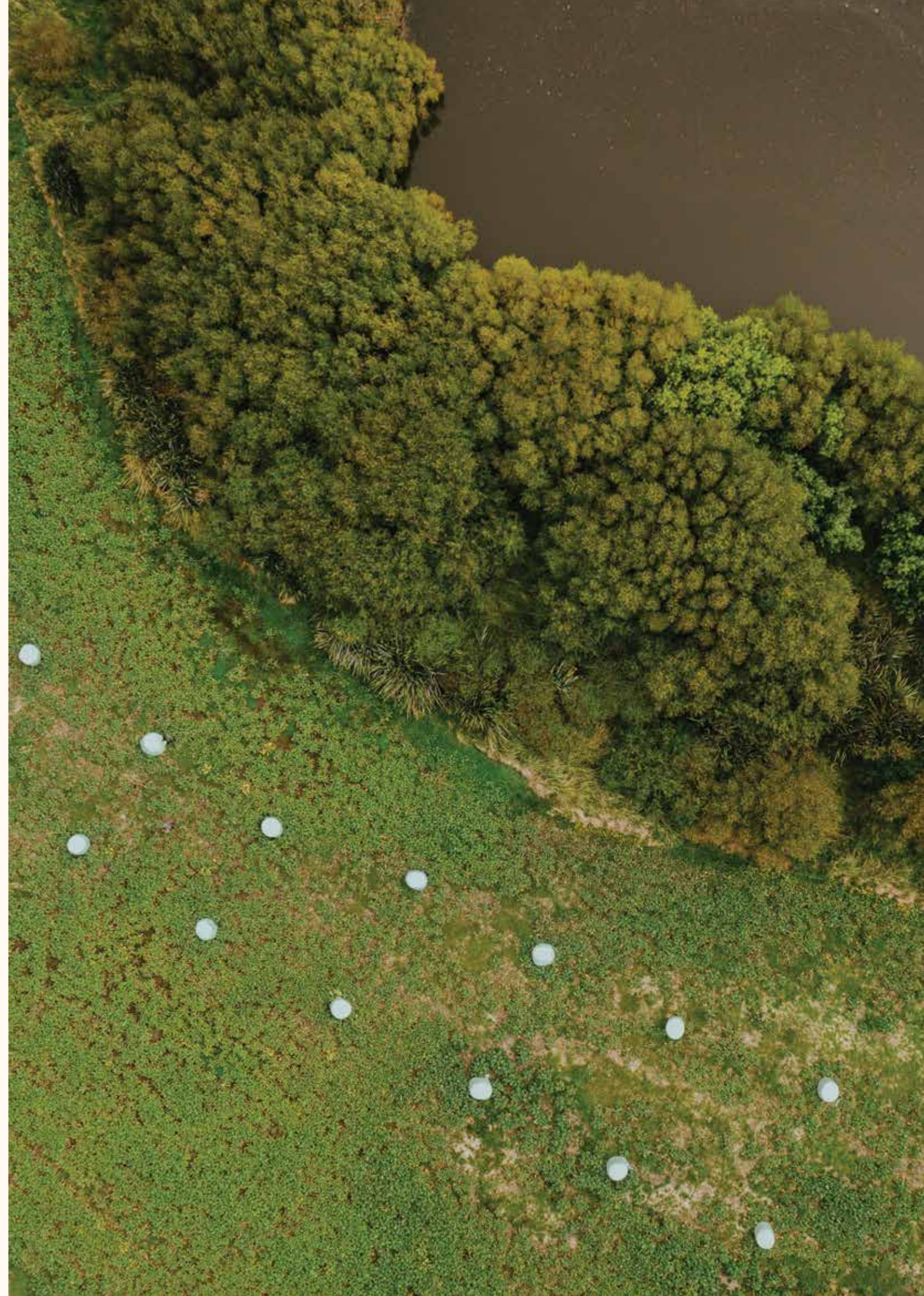
In February this year, we farewelled David Evans who led our corporate services team as General Manager. David has made an invaluable contribution over his 15 years at DairyNZ, initially starting out as Finance Manager, before moving into his General Manager role.



Amanda Woodbridge

Former General Manager - marketing, communications and engagement

This year, we farewelled Amanda Woodbridge who led our Marketing, Communications and Engagement team as General Manager. Since starting her role as General Manager in 2020, Amanda has made a significant impact during her time at DairyNZ, through driving our Here For the Long Game campaign, positive media opportunities and our work with stakeholders.



Focus Area 1:

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



Highlights



Good wintering is great farming

Dairy farmers across New Zealand contributed to significant improvements in wintering practices throughout 2022 in preparation for the 2023 season. DairyNZ advocated strongly for practical wintering regulations and consent conditions prior to new national wintering regulations taking effect

in November 2022 in consultation with farmers. We also worked closely with regional councils to provide responses to frequently asked questions on consents and on-farm practice. Following flyover and drive-by checks, regional councils recognised the significant work farmers are doing to winter well. Councils have also recognised the world-leading research occurring at the Southern Dairy Hub to improve wintering outcomes for animals and the environment.

Working with farmers to support great wintering:



DairyNZ ran a wintering campaign in 2022 that received significant engagement from farmers online.

Wintering related pages on the DairyNZ website received over **40,000** views in 2022

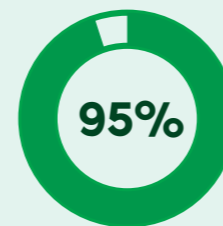
Wintering resources were downloaded



DairyNZ survey results show farmers are **improving** wintering practices:

84% of farmers surveyed had a written wintering plan, with **63%** of those including a written contingency plan for adverse weather.

Of the **79%** of farmers who had critical source areas in crop paddocks, **68%** reported they managed these by excluding stock, having a buffer or not cultivating the area.



of farmers surveyed with water in or beside their crop paddocks had a riparian buffer (an average width of 9 meters).



Managing a squeeze on profit

During 2022, inflationary pressure and rising input costs made it challenging for farmers to stay profitable. DairyNZ supported farmers by connecting them with the right tools, resources and information to help with business planning, budgeting and forecasting.

DairyNZ hosted 141 profit focused events and connected with more than 2,600 farmers across these events during the past year. Events provided practical support and advice on maintaining profits as costs increased.

In 2023, the DairyNZ Econ Tracker was launched, providing farmers and sector professionals with access to the latest economic data related to the dairy sector. This online tool provides a snapshot of the dairy sector's current economic position and

allows farmers to explore trends in farm budgets over time. The tool enables farmers to understand how major farm expenses are likely to change in coming years, to support them with farm business planning.

Explore the Econ Tracker online:
dairynz.co.nz/econtracker

DairyNZ engaged with more than 2,600 farmers across 141 profit focused events



A game-changing project with community at its heart

A successful partnership between dairy farmers, iwi and the community was the foundation of the Tararua Plantain Project, which aimed to reduce environmental footprint and improve water quality in the Tararua region. The five-year research project, which concluded in 2023, was recognised at the 2023 Primary Industries Awards, winning the Team and Collaboration Award.

The success of this project saw farmers in the Tararua region improve water quality on their farms and show care and commitment by monitoring the impact of their practices on local waterways. The project saw enduring relationships formed within the Tararua community which helped provide a blueprint for environmental improvement nationwide.

DairyNZ partnered with Agricom, MPI, Fonterra and Nestlé on this project, alongside delivery partners AgResearch, Horizons Regional Council and Massey University.

The Tararua Plantain Project inspired the national DairyNZ-led Plantain Potency and Practice Programme, which researches the effects of plantain and supports farmers to successfully adopt plantain on farms.

For more on this research visit:
bit.ly/tararuaplantainproject



Project highlights:

24
 project events

held over 2021-23 to share project knowledge with farmers and the community

11
 partner farmers

have had studies and monitoring of plantain effects carried out on their farms to support the delivery of system options to reduce nitrogen.



3,189 hectares of plantain planted in mixed pastures with **104** hectares of plantain crop over a five year period.



More than **560** monthly water quality monitoring samples were taken taken by farmers across **21** sites

Advocating for farmers on a better solution to the New Zealand Emissions Trading Scheme (ETS)

DairyNZ has continued to work hard for a fair and practical solution to pricing agricultural emissions that is better than the New Zealand ETS. In October 2022, government released their proposal on how they planned to price agricultural emissions and it was clear that this would have significant negative consequences for dairy farmers and the wider sector. DairyNZ united with sector partners on our position and made it clear to government that this was not an acceptable solution.

During the government's consultation, DairyNZ supported farmers to understand the impact of government's proposal, how we are using our voice on their behalf, and incorporate farmers' feedback in DairyNZ's position.

During October and November 2022, DairyNZ engaged with more than 1,000 farmers across 21 events, who provided feedback on deviations to the He Waka Eke Noa recommendations under government's proposal.

We engaged with more than **1,000** farmers across **21** events, who provided feedback on deviations to the He Waka Eke Noa recommendations.



Looking Ahead

Many farmers have faced the impacts of inflationary pressure, higher farm costs and a reduced milk price over the past year. DairyNZ will continue to provide ongoing support, information and resources to help farmers maintain viable businesses.

Over the next year, DairyNZ will release quarterly updates from the Econ Tracker, an online tool supporting farmers with their farm business planning, forecasting and budgeting.

Supporting farmers to maintain profitable businesses alongside changing regulation will also be a focus. We will continue to work with regional councils, keep farmers informed, and advocate on their behalf as new freshwater regulations are implemented across New Zealand. Through the Jobs for Nature project, DairyNZ will collaborate with the Ministry for the Environment to support farmers across priority catchments to improve water quality.

In the coming year, DairyNZ will also continue to advocate for a fair, practical and incentives-based solution to pricing agricultural emissions.



Projects

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

Support for Catchment Groups

DairyNZ encourages farmer-led change through programmes that work to protect the environment. We offer expertise to local catchment groups seeking to improve the environment.

Provider: DairyNZ
Funding: \$91,769

Step Change - Engagement & Extension

Step Change is a five-year project to provide farmers with information, tools and support to help lift profit while improving water quality and reducing greenhouse gas emissions. This is important to farmers and for the future of our sector.

See dairynz.co.nz/stepchange

Provider: DairyNZ
Funding: \$1,938,637

Tararua Plantain

DairyNZ continues to support Tararua farmers to successfully adopt plantain to reduce nitrogen leaching. This project is co-funded by the Sustainable Food and Fibre Futures fund. See dairynz.co.nz/tararua.

Provider: DairyNZ
Funding: \$332,728

Selwyn Hinds (Priority Catchment)

This DairyNZ-led project has worked to support farmers in the Selwyn and Hinds catchments to meet their environmental obligations while optimising their farm systems for profit and resilience. Over the last five years, this project has connected with 90% of farmers in both catchments through extension activities.

Learnings from the project have been shared across Canterbury and New Zealand, where reducing N loss from farms is a priority. See dairynz.co.nz/selwynhinds

Provider: DairyNZ
Funding: \$87,332

Over the last five years, the DairyNZ-led project in Selwyn and Hinds has connected with 90% of farmers in both catchments.

Animal Care and Early Response Service

DairyNZ supports the delivery of animal care survey consultations. These assessments help monitor and measure animal health and care on a sample of dairy farms. This evidence is used to assess how the dairy sector is performing against animal care standards.

Provider: DairyNZ
Funding: \$324,381



Baseline

This project provides high quality data to help understand the implications of current and future regulations on farmers and the sector. This data contributes to our policy submissions and supports regional benchmarking data in DairyBase. See dairynz.co.nz/baseline

Provider: DairyNZ
Funding: \$325,000

DairyBase

DairyBase is the New Zealand dairy sector's platform for analysing and comparing dairy farm data. Levy funds were used to gather and generate individual farm financial, physical and benchmark reporting to farmers. The service allows farmers to track their individual farm performance over time, and against regional and peer groups. It also provides data that is used for dairy sector good, and to inform other DairyNZ tools and projects, including our farm economic survey.

See www.dairynz.co.nz/business/dairybase/

Provider: DairyNZ
Funding: \$1,163,191

C1 Dairy Tomorrow

This work supports delivery of our Dairy Sector strategy on protecting and nurturing the environment. This project is working in partnership with dairy companies to support the implementation of farm environmental plans and good farming practices across all dairy farms by 2025, and quantifying the positive outcomes on water quality. Find out more at www.dairytomorrow.co.nz/

Provider: DairyNZ
Funding: \$183,386

Dairy Stats

Dairy Statistics is a report which includes statistical data on current, historic and emerging trends in the New Zealand dairy industry. The 2023 edition of New Zealand Dairy Statistics is the first edition published since herd recording companies have sent data directly to the Dairy Industry Good Animal Database (DIGAD). To read this see dairynz.co.nz/dairystatistics

Provider: DairyNZ
Funding: \$359,392

Climate Change

DairyNZ has been working with farmers, sector partners, stakeholders and government to ensure initiatives to manage agricultural emissions are practical, pragmatic, and fair. This has included supporting the He Waka Eke Noa partnership and policy and advocacy work. It also includes developing evidence to inform the Climate Change Commission's review of methane reduction targets in 2024. See dairynz.co.nz/climatechange

Provider: DairyNZ
Funding: \$1,480,662



He Waka Eke Noa

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

Provider: He Waka Eke Noa Programme Office
Funding: \$114,782

Government Regulations

This funding is used to enable DairyNZ staff to respond to changing government regulations. In the last year, this has included advocacy work on changes to the Animal Welfare Code and Resource Management Act reforms.

Provider: DairyNZ
Funding: \$93,159

Healthy Waterways (Policy)

This work aims to achieve fair and practical freshwater regulations by influencing regional freshwater planning processes. We are working to ensure outcomes are practical and pragmatic, to allow farmers to keep operating in the future. Over the past year, a focus has been proactive engagement with regional councils to inform the next phase of regional planning processes as well as involvement in formal planning processes in Waikato, Southland, Otago and Wellington.

Provider: DairyNZ
Funding: \$2,132,482

Healthy Waterways (Science)

This project is focused on providing a strong technical evidence base to understand and inform water quality impacts and solutions and achieve fair outcomes and solutions for farmers on regional policy.

Provider: DairyNZ
Funding: \$898,135

National Wintering

This project is focused on working with farmers, the dairy sector, and supporting partners, to adopt national good farming practices around wintering to improve water quality and animal care. See dairynz.co.nz/wintering

Provider: DairyNZ
Funding: \$543,000

Economics reporting and Insights

This work provides information and commentary on economic indicators and trends that show historical dairy sector and farm-financial data. Find out more in the 2021-22 Economic Farm Survey: www.dairynz.co.nz/publications and select the 2021/22 Economic Survey. DairyNZ also produced the Econ Tracker under this project, providing farmers and rural professionals with the latest economic data to inform farm business planning.

Provider: DairyNZ
Funding: \$311,107

Biosecurity Systems

DairyNZ's biosecurity programme supports a better future for farmers by ensuring current and future biosecurity risks to the dairy sector are understood by stakeholders. This work focuses on ensuring appropriate readiness and response systems are in place at a farm, sector and national level. It includes policy, advocacy, strategy, tactical and operations work. Work spans across governance, DairyNZ and our farming community. See dairynz.co.nz/biosecurity

Provider: DairyNZ
Funding: \$1,020,528

Dairy Environment Leaders (DEL)

Dairy Environment Leaders (DEL) is an active network of farmers that DairyNZ supports through annual forums operating through a formal advisory committee and national chair. The DEL programme supports the implementation of farmer-led initiatives to improve the environment. See dairynz.co.nz/DEL

Provider: DairyNZ
Funding: \$421,254



Jobs for Nature: Sustainable Catchments

The Sustainable Catchments Projects, co-funded by Ministry for the Environment's Jobs for Nature programme, is focused on supporting farmers on water quality challenges in three priority catchments; Pōkaiwhenua (Waikato), South Canterbury and Waimea (Southland). The projects draw on DairyNZ's research, farm system and water quality expertise through community partnership with landowners and iwi.

Provider: DairyNZ
Funding: \$325,000

This project is co-funded by MFE.

Focus Area 2:

**Develop future
farm systems
and sector
scale solutions**



Highlights



Partnering helps prove plantain's benefits

A DairyNZ-led science programme collaborating with ten research partners is helping farmers meet challenging regulations without reducing profit.

As part of the Plantain Practice and Potency programme, a trial at Massey University has shown that after three years, Ecotain™ plantain can reduce nitrate leaching by 20-60% from mixed pastures containing 20-50% Ecotain™ plantain. No negative effects on milk production occurred. A trial at Lincoln University is showing similar results after one year. Pasture containing around 25% Ecotain™ is achieving a 34% reduction in nitrate leaching compared with perennial ryegrass and clover. More data from this trial is required to confirm this result.

As part of the programme, more than 20 partner farms are using Ecotain™ plantain across New Zealand. They will help develop regional advice for other farmers on establishing and maintaining plantain.

The next stage of research involves studying how plantain affects nitrogen retention in soils, so that

farmers can receive credit for all of plantain's effects in reducing N leaching. Canterbury, Horizons and Bay of Plenty regional councils currently recognise plantain as a mitigation option where nitrogen limits are in place.

The programme has also developed an evaluation system to assess the environmental effectiveness of plantain cultivars.

This research is funded by DairyNZ, the Ministry for Primary Industries' Sustainable Food and Fibre Futures fund, PGG Wrightson Seeds and Fonterra, along with assistance from seven additional research and delivery partners.

As part of the programme, more than **20 partner farms** are using Ecotain™ plantain.



Supporting farmers to make better breeding decisions

In December 2022, New Zealand Animal Evaluation Limited (NZAEL) made two key updates to its animal evaluation.

The first update allows farmers to identify what proportion of a Holstein Friesian cow is Holstein and what proportion is Friesian. Key differences identified between the breeds provide farmers with the information they need to improve breeding decisions.

A second update was made to better reflect the

number of days farmers milk per year. Herd testing data collected for up to 305 days is now included in animal evaluation. Previously collected data was only included in animal evaluations collected up to 270 milking days. NZAEL also made a change to its fertility trait, separating gestation length from fertility to provide more accurate information to farmers ahead of the next mating season. Valuing both traits independently provides greater accuracy for farmers when considering the Breeding Worth (BW) of an animal.



Scientists support Kiwi dairy farmers to stay world leading

New Zealand dairy farmers are some of the most emissions efficient milk producers in the world. To maintain this position, and meet changing regulations, DairyNZ scientists are researching options to help farmers continue reducing methane emissions.

Scientists are studying whether solutions designed for indoor or feedlot farming systems, and other options, can be incorporated into our pasture-based farm systems.

Researchers are studying feeding methane reducing compounds to cows and calves. Calf research is assessing if feeding compounds permanently changes gut microbiome to reduce emissions.

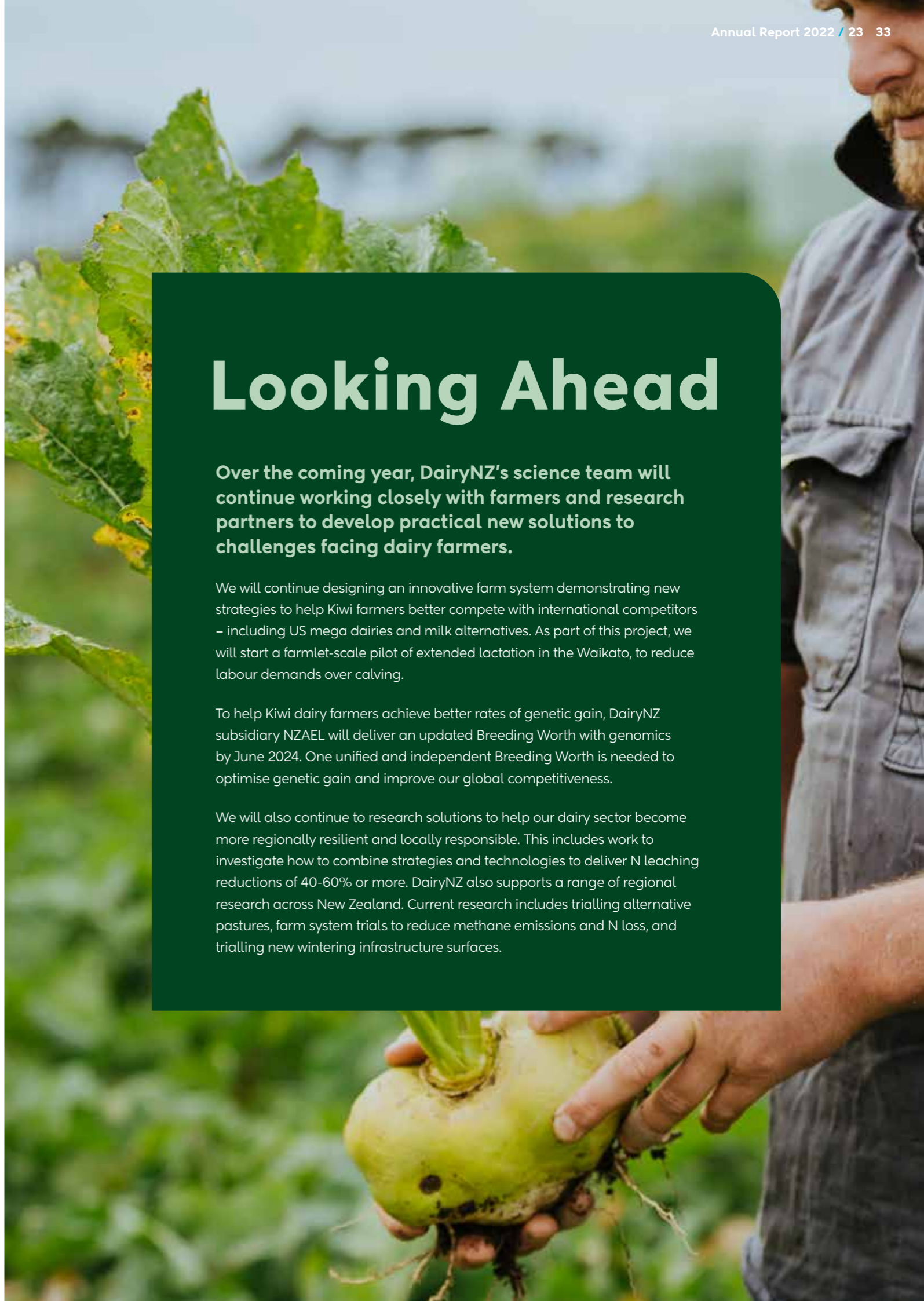
Alongside this work, DairyNZ is trialling new ways of delivering these compounds. This includes slow-release boluses and transportable in-paddock feeding stations. We are supporting regional research into farm system changes and using different forages to study how these affect emissions.

DairyNZ is working to develop a package of options ready for on-farm testing by 2025, and for farmer use by 2030.

DairyNZ is also collaborating with research partners to study a methane reducing vaccine.

Farmers are providing advice on how to design solutions which work well on farms. Solutions are tested against a range of criteria including effectiveness, impact on animal health, profit and production, farm system fit and effects on milk. DairyNZ is working to develop a package of options ready for on-farm testing by 2025, and for farmer use by 2030.

For more on this research visit www.dairynz.co.nz/lessmethane



Looking Ahead

Over the coming year, DairyNZ's science team will continue working closely with farmers and research partners to develop practical new solutions to challenges facing dairy farmers.

We will continue designing an innovative farm system demonstrating new strategies to help Kiwi farmers better compete with international competitors – including US mega dairies and milk alternatives. As part of this project, we will start a farmlet-scale pilot of extended lactation in the Waikato, to reduce labour demands over calving.

To help Kiwi dairy farmers achieve better rates of genetic gain, DairyNZ subsidiary NZAEL will deliver an updated Breeding Worth with genomics by June 2024. One unified and independent Breeding Worth is needed to optimise genetic gain and improve our global competitiveness.

We will also continue to research solutions to help our dairy sector become more regionally resilient and locally responsible. This includes work to investigate how to combine strategies and technologies to deliver N leaching reductions of 40-60% or more. DairyNZ also supports a range of regional research across New Zealand. Current research includes trialling alternative pastures, farm system trials to reduce methane emissions and N loss, and trialling new wintering infrastructure surfaces.

Projects

Focus Area 2: Develop future farm systems and sector scale solutions

Competitive Insights

This project is identifying attributes which help maintain or improve the international competitiveness of the NZ dairy sector. These attributes are identified by studying market preferences and farm systems. The two competitors evaluated to-date have been US mega dairies and milk alternatives.

See dairynz.co.nz/frontierfarms

Provider: DairyNZ
Funding: \$318,443

Frontier Farms

The Frontier Farms project supports dairy farmers to be world leading, by using the findings from the Competitive Insights project to inform the design of future farm systems. These systems are co-developed with farmers and stakeholders to achieve the best outcomes.

The co-design group identified peaks in workload as a key limitation to improving labour efficiency and competitiveness. To flatten workload peaks across the day and the season, the project is exploring using extended lactation and batch robotic milking.

See dairynz.co.nz/frontierfarms

Provider: DairyNZ
Funding: \$481,187

Resilient Dairy

Driving improvement in the health and wellbeing of the national herd and increasing the rate of genetic gain is the focus of this project. Ongoing work will deliver methods to incorporate genotypes and new phenotypes into National Animal Evaluation, produced by NZAEL.

Provider: DairyNZ
Funding: \$1,157,939

This project is co-funded by MPI.

New Zealand Animal Evaluation Ltd (NZAEL)

Genetic gain in dairy cattle has helped deliver higher productivity and profitability to farmers. The NZAEL owned Breeding Worth (BW) system provides a measure for genetic gain, which is delivered to farmers by bull breeders and animal breeding companies. Maintaining and improving the BW system and the underpinning phenotypic data, genetic research and delivery systems is vital to achieve sector targets, especially around profitability. This year NZAEL has introduced improvements to the fertility trait and introduced an improved method of recognising the proportion of Holstein and Friesian in individual animals. NZAEL is also working towards introducing economic data into its BW to support the delivery of a Better BW for the industry. See dairynz.co.nz/NZAEL

Provider: DairyNZ
Funding: \$4,722,000



Animal-centric Farm Systems

This project is describing and evaluating current and future New Zealand farming practices and systems to identify risks or potential competitive advantages. The focus is on providing dairy cows with a good life and developing options to address risks.

Provider: DairyNZ
Funding: \$276,500

New Zealand Bioeconomy in the Digital Age (NZBIDA)

DairyNZ is partnering with AgResearch and Fonterra to demonstrate how digital technologies can help farmer decision-making around animal welfare and performance.

Case studies have examined the potential to use animal sensor data to inform grazing management decisions and information technology to help farmers predict and manage heat stress. Outcomes from this project are shared through various channels such as stakeholder groups including technology companies, scientific publications, farmer publications, DairyNZ website and via partners.

See agresearch.co.nz/nzbida

Provider: AgResearch
Funding: \$550,000

Dairy Calf Opportunities

Consumers have growing expectations that farms will continue to improve their standards of animal care, and dairy farmers are increasingly looking for alternative options for non-replacement calves. This programme will develop a cross-sector partnership to design and implement a long-term strategy and transition plan for non-replacement calves. This will support the dairy sector's commitment to be world leading in animal care, and ensure all calves have a productive life. Over the past year, DairyNZ has been investigating opportunities for extended lactation to reduce the number of calves born.

Provider: DairyNZ
Funding: \$551,800

Southern Wintering (infrastructure)

This project continues into 2023/24 and aims to deliver off-paddock wintering infrastructure as an alternative to forage crop grazing. The proposed structure is designed to provide an innovative, sustainable solution which meets criteria around cow welfare and reduced environmental impacts.

Provider: DairyNZ
Funding: \$129,024



Future Methane Solutions

Future Methane Solutions aims to identify and prioritise the assessment and testing of methane reducing technologies that may benefit our pasture-based farms. See dairynz.co.nz/lessmethane

Provider: DairyNZ
Funding: \$550,000

Information on Dairy Farming Systems

The goal of this project is to generate information that can help improve the estimation of greenhouse gas emissions (GHG) from dairy cows, by considering regional differences in the amount and type of feed used on dairy farms. This information can benefit dairy farmers by generating more accurate emissions estimates as new data and technologies emerge.

Provider: DairyNZ

Funding: \$52,000

Life-Long Methane Reduction

Designing cost-effective, adoptable on-farm solutions for an early-life methane inhibitor in dairy cows is the focus of this project. Data generated from animal experiments, and existing knowledge about calf rearing practices, may support farmers and stakeholders to adopt this mitigation option.

Provider: DairyNZ

Funding: \$36,000

On-farm Delivery of Methane Inhibitors

This work is co-funded by New Zealand Agricultural Greenhouse Gas Research Centre (NZ AGGRC). It aims to develop an effective method for delivering methane inhibitors to grazing cows to reduce methane emissions on farm. Researchers are also evaluating the potential for this technology to be adopted on farm.

See dairynz.co.nz/lessmethane

Provider: DairyNZ

Funding: \$60,625

Evaluating the Potential of Forages with Elevated Photosynthesis and Growth (HME Ryegrass)

This project is focused on developing a high metabolisable energy (HME) ryegrass through gene editing. It is also testing the HME ryegrass performance for a range of potential benefits including reduced emissions, better pasture growth and cow nutrition.

Provider: AgResearch

Funding: \$200,000

Plantain Potency & Practice

This collaborative research initiative is led by DairyNZ, with support from the Sustainable Farming Fund Futures Partnership and research partners. The programme is researching how Ecotain plantain can help farmers reduce nitrate leaching. The programme is also working with a network of partner farmers across New Zealand who are demonstrating plantain and developing regional advice on establishing and maintaining plantain. The programme released initial trial results earlier this year showing plantain can significantly reduce N leaching. See dairynz.co.nz/plantain

Provider: DairyNZ

Funding: \$1,907,236

Catchment E. coli

This five-year programme is developing our knowledge about terrestrial and in-stream *E. coli* sources and reservoirs. This includes studying how *E. coli* is transported, to inform on-farm and catchment-level management practices.

Provider: AgResearch

Funding: \$126,000



Catchment Level Solutions

This project is piloting a new approach to improving water quality. It will combine farm and catchment-scale modelling with water quality monitoring to identify options to improve water quality and track their success. By working closely with farmers scalable farm-level solutions (like plantain) and edge of field solutions (like wetlands) will be trialled. The goal is to exceed water quality targets in a case-study catchment.

Provider: DairyNZ

Funding: \$288,300

Farm System Modelling

Farm Systems Modelling plays an important role in modelling mitigation strategies to reduce contaminant loss, including stacking of mitigations at the farm scale. This project will identify viable solutions that can be applied at scale to allow farmers to go beyond water quality targets.

Provider: DairyNZ

Funding: \$317,300

Low N Systems

This programme is investigating combining management strategies and mitigation technologies to deliver reductions in nitrate leaching of over 40-60% on dairy farms. Strategic and tactical management options will help farmers improve nitrogen use efficiency and reduce excess nitrogen loss. This will help improve freshwater quality in dairy catchments. The programme is being delivered by researchers at DairyNZ, Lincoln University, Fonterra, AgResearch, and AbacusBio. It is funded by DairyNZ, the Ministry of Business Innovation and Employment, Fonterra and CRV. The programme started in mid-2021 and runs until 2025.

Provider: DairyNZ

Funding: \$1,200,768



National Level Solutions

This programme focuses on developing and applying catchment and national level economic models. The models will identify opportunities for dairy sector growth from increasing the value and volume of production within environmental limits. The modelling will consider environmental limits relating to N leaching and methane emissions.

Provider: DairyNZ
Funding: \$255,250

Deep South

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

Provider: Lincoln University
Funding: \$150,000

Driving Forage Value

This project maintains the Forage Value Index (FVI). This is an independent, region-specific, profit-based index to help farmers select short-term and perennial ryegrass cultivars. A 4-year validation trial carried out in the Waikato comparing the performance of high and low ranked cultivars, has produced unexpected results. A thorough investigation into the research results will inform the next steps to improve the FVI to ensure it is a practical and robust resource for farmers. See dairynz.co.nz/fvi

Provider: DairyNZ
Funding: \$1,048,000

Climate Adapted Systems (Next Generation Systems)

This work focuses on improving the resilience of dairy farms to the impacts of climate change. It uses a farmer-led approach to establish adapted feed supply systems, through species combinations and management practices. Initially this project will focus on Northland. Solutions may be able to be transferred to other regions as climate change impacts spread further south.

Provider: DairyNZ
Funding: \$204,700

Pasture Performance Tools

This project is testing and developing innovative approaches to measuring pasture performance data. This will assist farmers to make informed decisions about pasture management and renewal. This work enables pasture measurement at scale to track sector progress towards increasing pasture harvested through species selection, management and genetic gain.

Provider: DairyNZ
Funding: \$138,700

Taranaki Diverse Pastures

Dairy Trust Taranaki (DTT) is conducting a farmlet study over a seven-year period. This is assessing the economic and environmental impact of diverse pastures as part of the regenerative dairy farming programme. A partner farm network will be monitored by DairyNZ. Partner farms are making changes aligned with regenerative farming practices. See dairytrusttaranaki.co.nz

Provider: Dairy Trust Taranaki
Funding: \$50,000

Future Dairy Farming Systems for Northland (NDDT)

New Zealand farmers will need to adapt to a warming climate and reduce greenhouse gas (GHG) emissions. This project will test the profitability and environmental impact of future farm systems by conducting a farm systems experiment in Northland. Data will provide evidence-based information to support farmer decisions and provide farmers with options to better adapt their farming practices in a changing climate. See nddt.nz

Provider: Northland Dairy Development Trust
Funding: \$140,000

International Dairy Federation

The New Zealand National Committee of the International Dairy Federation is responsible for coordinating and managing New Zealand dairy sector input and influence into global dairy issues.

Provider: International Dairy Federation
Funding: \$200,000

Sustainable Use of Fodder Beet

This project has identified the health and lifetime productivity risks of feeding fodder beet to dairy cows. It has also developed feeding strategy recommendations for farmer to mitigate these risks. The research is supported by DairyNZ, the Sustainable Farming Fund and PGG Wrightson Seeds. See dairynz.co.nz/fodderbeet

Provider: DairyNZ
Funding: \$17,757

Massey Dairy Chair

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

Provider: Massey University
Funding: \$90,000

Modern Science Workflows

Science today requires the generation, management and use of data from a wider range of sources and in larger volumes than we have previously used. For example, animal wearables and other sensors can generate a large amount of data. This programme supports the infrastructure implementation, data governance, behaviour change, and skill development needed to support the delivery of outcomes across key data-intensive research programmes within DairyNZ.

Provider: DairyNZ
Funding: \$424,448

Southern Dairy Hub Farm Systems

This project tested different crop choices (kale or fodder beet) and nitrogen fertiliser management strategies (50 or 185 kg N/ha /annum). The aim was to reduce the nitrogen footprint on a Southland farm by 30 percent and improve profit compared to existing practice. The 30 percent reduction target for nitrate leaching was achieved in a lower impact fodder beet system, but profitability was reduced when compared with existing practices. Farmer engagement through the project focused on building understanding of the key drivers of nutrient loss, and potential mitigations available. See: www.dairynz.co.nz/research/research-farms/southern-dairy-hub/

Provider: DairyNZ
Funding: \$1,015,900

Focus Area 3:

Build the capability of people on-farm



Highlights

GoDairy recruitment campaign

DairyNZ's GoDairy 2022 recruitment campaign was designed to help attract more people to on-farm roles. To support farmers facing critical staff shortages and fill essential roles in time for calving, we advertised across a range of social media and online channels to connect people to the GoDairy website.



We supported farmers to attract great people into dairy farming roles by:

running GoDairy campaign ads which appeared more than **13 million times** across a variety of digital and social media channels, inviting people to consider a dairy career.

driving **134,000** visits to our GoDairy website, where jobseekers could discover more about career pathways and find out what it's like to work in the dairy sector.



helping farmers fill critical vacant positions by generating **4,000** referrals from our GoDairy platform to Farm Source online job listings.

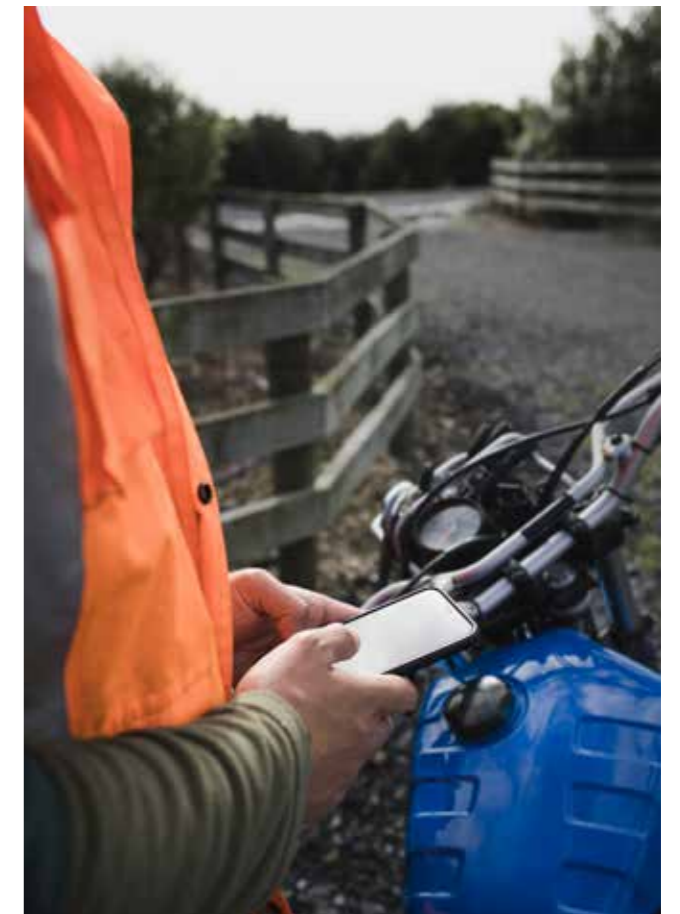


Supporting farmers on the fundamentals

In 2022, DairyNZ started a programme focused on providing better support to farm teams on some of the fundamental areas of dairy farming. This work involves making DairyNZ tools and resources easy to find for farm teams across our email, social media, website and print channels. Information promoted through the campaign is released to match the timing of what's happening on-farm to ensure farmers are getting the right tools when they need them most.

Farmers can stay up to date with the latest seasonal tools and resources promoted through this campaign through DairyNZ's digital and print channels.


Our Farming Fundamentals campaign has been received well by farmers. One of our most popular tools with farmers; DairyNZ's Body Condition Score field guide received 1,271 downloads from the DairyNZ website during promotion.



Reducing sprains and strains

Sprain and strain injuries are common in the dairy workplace. Research has shown that sprains and strains contribute to approximately 40% of dairy farm injuries. To help farm teams stay safe and well, DairyNZ is developing practical solutions to reduce sprains and strains across the dairy sector. Research is being carried out in partnership with farmers, health and safety and workplace design specialists, and engineers who have co-designed and tested the prototypes to help reduce injuries. Farmer feedback has helped to refine these prototypes and get them ready for market.

This three-year project is being carried out in partnership with ACC.

40% 
of dairy farm injuries are from sprains and strains

August to October 
is when most injuries occur

Looking Ahead

DairyNZ will continue to work with farmers to help build a thriving dairy sector. This means supporting farmers to address workforce challenges, with recruiting and retaining staff on farm a key focus.

GoDairy will continue to attract the next generation of dairy farm workers to the sector. Attracting a diverse, domestic workforce is an important part of helping our sector thrive.

Through the Great Futures in Dairying partnership, we are working to address challenges contributing to the current workforce shortage in the sector. A project aiming to improve retention and tenure of employees on farm will progress, alongside work to ensure farm employers and managers know what it takes to be competitive. We will also proactively work on farmers' behalf to represent the sector's views on changes to legislation on workplace and workforce policy.

Projects

Focus Area 3: Build the capability of people on-farm

GoDairy

GoDairy was designed to attract great people into dairy, including on-farm roles, agri-business and agri-science. The GoDairy brand raises awareness of what a career in dairy might look like, the opportunities that exist, and where to apply for on-farm roles. It focuses on engaging with potential employees, and builds awareness amongst farmer employers of this work, and how it benefits them. See godairy.co.nz

Provider: DairyNZ
Funding: \$914,000



Farmer Communications

This work builds awareness of the Great Futures in Dairying (GFID) plan with farmers and stakeholders. We are committed to providing farmers with credible and timely communication, and that sector partners and signatories of the GFID plan stay informed. See www.dairynz.co.nz/news/futures-in-dairying/

Provider: DairyNZ
Funding: \$39,895

Great Futures in Dairying Partnership Group

The GFID Partnership Group ensures that decision making and levy investment is adding value directly to the farmer, as identified in the Great Futures in Dairying Plan. See www.dairynz.co.nz/news/futures-in-dairying/

Provider: DairyNZ
Funding: \$80,027

Keeping Your People

DairyNZ wants to create a better experience for employees working on-farm by ensuring they have access to support on employment matters and career progression. The goal of this work is to increase retention, engagement and capability of people on-farm.

Provider: DairyNZ
Funding: \$196,339

Know the Market

This project has a goal to create transparency for farmers through establishing a benchmarking tool, providing feedback on competitive wage rates, hours of work and other employment conditions within the wider job market.

Find out more about the Know the Market project and the job competitiveness calculator:
dairynz.co.nz/news/know-the-market-project/

Provider: DairyNZ
Funding: \$168,054

Pathways from Education

This work aims to increase the flow of the right people from secondary school or tertiary training into on-farm dairy careers and careers in the wider Agricultural sector.

Provider: DairyNZ
Funding: \$286,549

People Policy

This project advocates for the dairy sector on people related policy issues and involves work with government on relevant projects where dairy farming's needs must be represented.

Provider: DairyNZ
Funding: \$131,294

Securing New Talent - Diversify

This project is focussed on looking in new places to attract more people into on-farm jobs. It focuses on investigating under-represented groups of people for a sustainable workforce in the future as New Zealand's population demographics continue to change.

Provider: DairyNZ
Funding: \$51,118



Regional Farmer Groups

The focus of this project is supporting regional groups of farmers to work together to solve their workforce issues in ways that work best for them. DairyNZ provides support for the execution of new solutions where appropriate.

Find out more about the Regional Farmer Groups initiative, including how to get involved:
dairynz.co.nz/regionalfarmergroups

Provider: DairyNZ
Funding: \$219,232

Training Employers

Improving farmers' confidence in leadership and people management on-farm is the primary goal of this project. DairyNZ is engaging with farmers in a variety of different ways to achieve this for a more satisfying and enjoyable workplace for all people on farm.

Provider: DairyNZ
Funding: \$117,955

Product & Services Management

DairyNZ is committed to helping farmers find the right tools at the right time to support their learning and improve their farm businesses. Our goal is to build farmer understanding around the tools and resources DairyNZ has on offer. This project also maintains DairyNZ's existing suite of tools, resources and events, and identifies requirements for the future.

Provider: DairyNZ
Funding: \$1,124,517



Contract Milker Micro-credential Pilot

DairyNZ worked with Dairy Training Limited (a wholly owned subsidiary) to co-develop a course targeted at entry level contract milkers and variable order sharemilkers related to job assessment and selection. This course is now a recognised qualification with NZQA. See more at www.dairytraining.co.nz/courses/

Provider: DairyNZ
Funding: \$92,105

Access International Employees

As Implementation Partner to the Dairy Class Border Exception in 2021/22, DairyNZ carried out processing of applications from farmers. DairyNZ nominated the applications and worked with MPI to allow applicants to enter a formalised immigration process.

This process was completed in September 2022, enabling international employees to enter New Zealand and fill critical vacancies on dairy farms.

Provider: DairyNZ
Funding: \$44,650

Employer Accreditation

This project assessed the feasibility of launching an employer accreditation scheme on-farm and what, if any, benefits this would deliver to people and businesses. Work in this area continues to help source, develop and promote a sustainable dairy workforce.

Provider: DairyNZ
Funding: \$48,102

Agri-Women's Development Trust Escalator

This work is focussed on building positive change in the dairy sector by linking isolated, rural communities into connected, where other leadership training is not available.

Provider: AWDT
Funding: \$50,000

CoE Agribusiness Programme

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

Provider: St Pauls
Funding: \$50,000

Dairy Women's Network

Dairy Women's Network supports people and farming businesses by providing knowledge and leadership to build competitive, resilient businesses, and capable industry leaders. This work involves building the skills of people currently working in dairy farm businesses and attracting new people to the dairy sector.

Provider: Dairy Women's Network
Funding: \$500,000



Nuffield / Kellogg's

Working with DairyNZ, the NZ Rural Leadership Trust programmes are focussed on growing world-class leaders who can manage the changes confronting farms and communities across New Zealand.

Provider: Rural Leaders Trust
Funding: \$150,000



Rural Networks

This project works with and develops New Zealand Young Farmers to build important community connections for young people in rural areas. This work is designed to help retain young farmers in rural communities and support them to grow and thrive, building their capability to be leaders for tomorrow.

Provider: NZYF
Funding: \$80,000

Grassroots Dairy Management Graduate Programme

This programme is focussed on providing greater support to recent graduates in their transition to full time dairy farm employment, through building their capabilities to become future leaders in the industry.

Provider: The Grassroots Dairy Graduate Trust
Funding: \$25,000

ACC - Sprains & Strains

Agriculture has strong seasonal injury trends, and addressing dairy farming sprains and strains presents a large opportunity to improve farmer wellbeing. This project is focussed on understanding the causes of these injuries, and co-developing solutions that are valued by farmers and farm employees.

Find out more about our work to reduce sprains and strains in the 2022/23 year:
dairynz.co.nz/sprainsandstrains

Provider: DairyNZ/ACC
Funding: \$50,000



Flexible Milking

This project is part of an initiative to optimise and increase the use of an innovative farm management strategy (3 milkings in 2 days; 3-in-2) to ensure future New Zealand dairy-farm systems meet people and animal health expectations in a profitable manner. This was the final year of the project which looked at changes in milk composition post calving under different milking regimes.

Find out more about the project:
dairynz.co.nz/flexible-milking

Provider: DairyNZ
Funding: \$32,586

Getting More Productive

DairyNZ is conducting research to assist the implementation of innovations that make the workplace more productive, flexible, and attractive to a wider range of people and improve retention of farm employees and farm business owners.

Find out more about the latest work in this area, the Technology and Workplace Practices Survey and the Workplace Productivity Survey:
dairynz.co.nz/tech-survey
dairynz.co.nz/wps

Provider: DairyNZ
Funding: \$810,000

Focus Area 4:

Engage and partner better with levy payers and farmers



Highlights

Connecting with farmers through digital platforms

Accessing the latest dairy insights, science and tools is becoming easier for many dairy farmers, as more farmers are using social media and podcasts to stay up to date with information from DairyNZ.

Catered specifically to dairy farmers, Talking Dairy discusses a broad range of topics and issues related to dairy farming. The podcast allows farmers to listen to short interviews while multitasking on farm. It often features industry professionals and farmers discussing topics ranging from maintaining profit as costs rise to using plantain to reduce N loss. Since June 2022, podcast subscribers grew by 75%, to 2,264.

Farmers have also been using social media to stay up to date with the latest news. Since June 2022, total engagements across DairyNZ's social media channels grew by 98%, from 407,429 to 806,895 in the 2022/23 year, reflecting a growing connection with a variety of different farmers and farmer groups.

Talking Dairy subscribers grew by 75%, to a current total of 2,264



Building stronger relationships

DairyNZ has continued to strengthen our connections with farmers through two key roles established in our field team in 2021. Our Extension and Regional Partner roles are focused on building deeper relationships with levy payers by learning about their farm businesses and understanding how DairyNZ can help meet their needs. The past year has seen farmers experience a range of tough issues including wet weather, drought

and cyclone events, regulation change, inflation and staffing issues. Our regional teams have supported farmers through these challenges by delivering a variety of topic-based, specialist, and seasonal groups and events in local communities. As the needs of farmers continue to evolve, our team have provided increased support to farmers through events hosted online, local Facebook groups, in podcast discussions and on other digital platforms. Working with farmers to ensure our suite of tools, resources and information we offer continues to meet their needs has also been an important focus.

Looking Ahead

DairyNZ will focus on delivering on our new purpose - progressing a positive future for New Zealand dairy farming.

This will see us building stronger relationships with farmers one on one, through groups and events, and using our seat at the table to advocate for farmers and the future of our sector. This also includes working with farmers to strengthen pathways for progress in our sector and developing solutions to farming challenges based on scientific excellence.

We know that accessing the right information quickly and easily is critical to farmers, and an important part of creating a better future. In the coming year, DairyNZ will focus on providing a better experience for farmers through our digital channels. This will help farmers to more easily find and access our online tools, without having to leave the farm where possible. This includes a new website with a refreshed look and feel and better search capability, and improvements across our social media and email channels. Our website will also perform better for farmers using mobile devices while on farm. We will continue to use farmer insight data to better tailor our information and resources to farmers by age and stage of their farming career.



Projects

Focus Area 4: Engage and partner better with levy payers and farmers

Adverse events

In collaboration with sector partners and rural communities, DairyNZ has a role to provide coordinated and timely support to dairy farmers through times of adversity. Providing cost effective, proactive and reactive services that benefit farmers during adverse events is an important part of supporting the return on levy payers' investment. In the past year, DairyNZ provided practical support to farmers affected by a range of adverse weather events, including phone-based and in person assistance, local groups and online tools and resources.

Provider: DairyNZ
Funding: \$439,262

DairyNZ Identity Project

The focus of this project is to build a stronger connection with farmers by refreshing DairyNZ's identity to be more recognisable and relevant to farmers and stakeholders.

Provider: DairyNZ
Funding: \$228,055

Engagement Framework

The focus of this project is to improve DairyNZ's proactive engagement with farmers in a way that meets their needs, identifying any gaps in the support we provide and how to address those.

Provider: DairyNZ
Funding: \$45,885

Farmer Centred Design - Problem ID

The Problem ID service helps farmers with one-on-one support when they need it. The aim of the project is to support farmers to confidently manage the resolution of a problem, know where they should focus their efforts and invite them to ask for help from DairyNZ if required.

Provider: DairyNZ
Funding: \$242,600

Farmer Centred Design - New Solution Service

This service helps farmers tackle tough issues and develop solutions with the relevant experts. Farmer led groups are supported by DairyNZ from across the businesses to design, facilitate and develop solutions. This service was implemented into the Regional Farmer Groups project in January 2023 to support farmers with staffing challenges.

Provider: DairyNZ
Funding: \$351,870



Website Upgrade

A refreshed DairyNZ website aims to support farmers with making good decisions daily, wherever they are, that are personalised to them. This work will provide an improved digital experience and a stronger platform that allows farmers to feel more informed and in control of their farming futures. DairyNZ's new website is now live: www.dairynz.co.nz

Provider: DairyNZ
Funding: \$377,250

Regional Connection

DairyNZ proactively engages with farmers across New Zealand to support on-farm change, resilience, and competitiveness.

This project is focussed on increasing the quality of engagement that DairyNZ has with farmers to achieve these goals. There is an ongoing focus to improve how DairyNZ teams work with farmers to provide them with necessary support when they need it and deliver value for the levy.

Find out more about our regional teams dairynz.co.nz/regional-teams and local event offerings dairynz.co.nz/events/

Provider: DairyNZ
Funding: \$6,906,083



Farmer Information Service

DairyNZ's Farmer Information Service enables a consistent, efficient farmer care function providing farmers with day-to-day solutions and connecting farmers with DairyNZ services.

Provider: DairyNZ
Funding: \$557,366

Inside Dairy & Podcasts

Inside Dairy and Talking Dairy are both trusted farmer channels which provide a platform for DairyNZ to transfer knowledge to inform farming decisions. These channels are focused on farmers and aim to help them learn and gain inspiration on a broad range of dairy topics.

Listen to Talking Dairy podcasts: www.dairynz.co.nz/podcast/

View current and past editions of Inside Dairy: dairynz.co.nz/publications/inside-dairy/

Provider: DairyNZ
Funding: \$502,834

Engagement and Partnership Networks

DairyNZ supports a range of farmer-led initiatives and networks. This work provides a coordinating function to ensure connections and influence with these networks occur at a national and regional level.

Provider: DairyNZ
Funding: \$1,349,512

BOP Focus Farms

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

Provider: BOP Focus on Dairying Charitable Trust
Funding: \$66,000

Hauraki Plains Group

The goal of Hauraki Plains Group is to increase the wealth, value and satisfaction of dairy farmers on the Hauraki Plains through a set of five Monitor Farms. Find out more about this project: bit.ly/haurakimonitorfarms

Provider: P3 Dairy Trust
Funding: \$23,000



South Island Dairying Development Centre (SIDDC)

Work at SIDDC is focused on demonstrating new farm systems and technologies at a farm scale on the Lincoln University Demonstration Farm (LUDF). SIDDC comprises several contributing organisations including Lincoln University, SIDE (South Island Dairying Event), AgResearch, Ravensdown, LIC and DairyNZ.

Provider: SIDDC
Funding: \$50,000

St Peter's Owl Farm

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

Provider: St Peters School Trust Board
Funding: \$45,000

Smaller Milk and Supply Herds (SMASH)

SMASH provides dairy farmers with resources and inspiration to help them to achieve their goals, including information to help maintain viable businesses and promote the benefits of smaller herd farming.

Provider: Smaller Milk & Supply Herds
Funding: \$191,700

Farmer Insights

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

Provider: DairyNZ
Funding: \$312,589

Voice of the Farmer

This project has delivered a programme that provides real-time feedback on the quality of DairyNZ's services, enabling the organisation to improve what we offer and deliver better value to farmers.

Provider: DairyNZ
Funding: \$92,276

Māori Partnership Strategy

DairyNZ is committed to engaging and partnering with Māori. This work involves developing a long-term strategy that elevates the voice of our Māori levy payers, iwi Māori and other key Māori stakeholders on critical issues and areas where we share mutual interests.

Provider: DairyNZ
Funding: \$113,970

Māori Engagement and Partnership

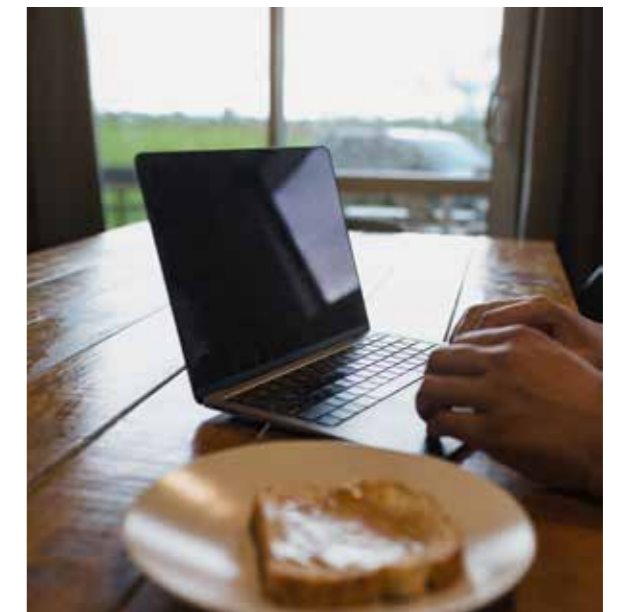
This work is focused on establishing a robust partnership and quality engagement between DairyNZ and the Māori dairying sector that delivers value to Māori farms and farmers. In the past year, DairyNZ delivered a nation-wide hui series connecting with more than 150 key stakeholders within the Māori dairying sector from across Aotearoa.

Provider: DairyNZ
Funding: \$186,606

Māori Agribusiness

A significant proportion of dairy land in Aotearoa, particularly in the Bay of Plenty, is Māori owned or operated. This programme partners with a group of six Māori trusts in the Eastern Bay of Plenty, to help build on-farm and governance capability while providing valuable insights into how DairyNZ can best work alongside our Māori levy payers.

Provider: DairyNZ
Funding: \$110,203



Quality Digital Experiences

DairyNZ is committed to providing farmers with quality digital experiences through various including the DairyNZ website, social media and email. Ongoing improvements to these channels are designed to deliver an optimised digital experience of DairyNZ and is an important part of ensuring our services meet farmer need.

Provider: DairyNZ
Funding: \$459,439

Focus Area 5:

Build trust and pride in dairy farming



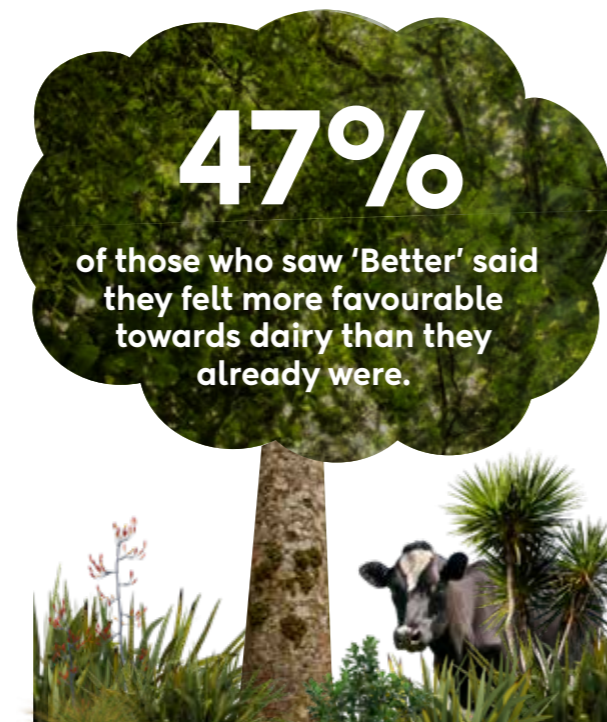
Highlights

Creating a better tomorrow

DairyNZ's 'Better' campaign, launched in October 2022 was all about showing New Zealanders that dairy farmers are always aiming to do better in everything they do. To bring this campaign to life, we shared messages across TV and other online and digital platforms that celebrate the dairy sector's amazing progress in a fun, light-hearted and authentic way. Our 'Better' campaign builds on the great awareness that our previous campaign 'Join Us' had in increasing public trust and pride in dairy.

This campaign had a significant impact on public perceptions of dairy in New Zealand.

'Better' has changed perceptions towards dairy farmers and the sector to a degree DairyNZ has never seen before, with 47% of those who saw 'Better' saying they felt more favourable towards dairy than they already were.



Providing dairy education in schools



DairyNZ is committed to improving children's understanding of dairy farming and sparking their interest in dairying as a career. DairyNZ's education programme has increased the amount of dairy farming content taught in primary and secondary schools across New Zealand. Since 2022, 70,000 students and teachers have used a DairyNZ education kit, covering topics such as climate change, water quality and soil health. Each kit is delivered to schools through a partnership with the House of Science, a not-for-profit organisation created to make science education more accessible for primary and intermediate schools. During the 2022/23 year, 749 lesson plans were downloaded from the DairyNZ website which houses resources that have a dairy farming focus.

www.dairynz.co.nz/support/education

Looking Ahead

Sharing the story of how New Zealand dairy farmers are world leading, and how the sector is working to be better, is an important part of DairyNZ's work to build trust and pride.

Telling the dairy story in the media, and the work of farmers to progress a positive future will be a key focus. Our next public education campaign will share this message across digital and media channels with people from all walks of life.

DairyNZ will also stay committed to advocating for all New Zealand dairy farmers during the 2023 national election period. We will focus on being a voice for dairy farmers on issues that matter most to them and that will shape their future. Ensuring farmers have a strong voice with decision makers is critical to ensuring our sector continues to thrive.

We will continue to tell the dairy story in the media, by sharing the positive progress and wins achieved by farmers and the sector. Our role in the media will also see us being a voice for farmers on issues of public interest.



Projects

Focus Area 5: Build trust and pride in dairy farming

Stakeholder Engagement

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

Provider: DairyNZ
Funding: \$362,575



Advertising & Creative Campaign

'Here For The Long Game' is a marketing campaign aiming to grow favourability and trust amongst the public towards dairy farmers and the sector. It's a multi-year, multi-media, integrated campaign that tells the story of how New Zealand dairy farmers are world-leading, and their progress and commitment to become even better. The ultimate objective of this work is to protect the livelihood and wellbeing of farmers and increase their sense of pride in being a dairy farmer by improving social licence. In the 2022/23 year, we launched Better; a campaign showing New Zealanders that we're always aiming to do better in the dairy sector: www.dairynz.co.nz/about-us/here-for-the-long-game/

Provider: DairyNZ
Funding: \$2,041,110

Insights

This project enables quality decision making in how we support farmers by developing rich insights on public perception and trust, and farmer pride. The project's purpose is to ensure all DairyNZ's initiatives are well informed to deliver the best outcomes.

Provider: DairyNZ
Funding: \$155,240

Proactive media

DairyNZ is committed to delivering positive, aspirational and credible media stories about the dairy sector, showcasing how dairy farmers and the sector are committed to a long-term, sustainable plan for New Zealand dairy farms.

Read our news stories:
www.dairynz.co.nz/news/

Provider: DairyNZ
Funding: \$217,100

Education

DairyNZ works with children across New Zealand to provide education about dairy and the role we have in the sector, through farm visits, school curriculum and digital engagement.

Find out more about DairyNZ Schools and other education initiatives DairyNZ is part of:
www.dairynz.co.nz/about-us/education/

Provider: DairyNZ
Funding: \$523,563



Partnerships

Partnerships are an important part of building farmer pride and public trust, by supporting events that celebrate the great work farmers do in their communities and on farm. DairyNZ supports initiatives that showcase the best of our sector through selected sponsorships and partnerships. Find out more about DairyNZ's active sponsorships and partnerships:

www.dairynz.co.nz/about-us/our-partnerships/

Provider: DairyNZ
Funding: \$130,700

Independent Assessment of DairyNZ's Key Indicators for Project Achievement












DairyNZ conducts annual portfolio reviews to assure levy payers that investments made serve their interests. The Farmer Auditor Panel, comprising two independent farmers and a consultant are appointed by the DairyNZ Incorporated Board. The panel assesses DairyNZ's progress against annual performance targets, which are activities and milestones contributing to longer term outcomes. The panel review Key Indicators of Success (KIS) outcomes, activity and evaluate if targets were met satisfactorily, instilling confidence in levy payers about DairyNZ's value delivery.

The Farmer Review Panel convened in June 2023, conducted an independent review of KIS

achievements and produced a report. The Panel verified KIS achievements by examining evidence summaries and interviewing DairyNZ Strategy & Investment Leaders and General Managers.

The review found that DairyNZ fully achieved six out of eleven KIS targets, partially achieved four and failed to meet one, resulting in an overall 81.5% achievement rate.

The below results show progress to date. Where a KIS has not been achieved for 2022/23, gains may be achieved in the coming years. Each KIS has a number of sub indicators (1-5 per KIS).

KIS	Description	Focus Area	Results for 2022/23
1	Increase profit and reduce environmental footprint: By 31 May 2025: <ul style="list-style-type: none"> 100% of farmers are on the change journey to reduce their environmental footprint and increase profit. 25% of dairy farmers are leading the way in reducing nitrogen and greenhouse gas emissions and increasing profit through an integrated farm system approach. 	1	
2	Farming within limits: Dairy sector leadership and advocacy has positively influenced national climate change policy and delivered on He Waka Eke Noa.	1	
3	Freshwater policy implementation: By 2025, all farms are meeting Good Management Practice for wintering, including animal welfare and environmental outcomes, and public perception of responsible wintering practices has improved from the winter 2020 baseline.	1	
4	Biosecurity systems: The scale and impact of biosecurity incursions are minimised through the implementation of robust on-farm biosecurity measures and an effective sector response.	1	
5	Less methane: Viable and scalable methane mitigation solutions are implemented that reduce emissions (/kg feed eaten and /kgMS) by 10% by 2025 and by 25% by 2030.	2	
6	World-leading animal genetic gain: The national breeding system yields the world's best rates of herd genetic gain in traits relevant to the future of New Zealand dairy farmers	2	
7	Advancing forage frontiers: Gains in forage performance through genetics, species/cultivar selection, forage combinations and management contribute \$30 per hectare per year to gains in Forage Value Index by 2030.	2	
8	Future water quality options and solutions at scale: By 2025, viable solutions at scale are identified that better enable dairy farmers to go beyond current water quality targets, with the first catchments implemented by 2030.	2	
9	Great futures in dairying: <ul style="list-style-type: none"> Dairy farmers can source the number of staff they need Team capability supports dairy farmers to maintain a profitable and sustainable business Workplaces, work practices and career pathways contribute to retaining people at all levels of the farm business. 	3	
10	Delivering value to farmers and levy payers: By 2025: <ul style="list-style-type: none"> Levy payers agree the levy is delivering value for their farm Levy payers agree DairyNZ has delivered value to their farm business in the last year by 10%. 	4	
11	Build trust and pride in dairy farming: By 2025, 70% of New Zealanders report having trust in dairy farmers.	5	



Achieved



Partially Achieved



Not Achieved

Financials 2022/23



Independent auditor's report



To the members of DairyNZ Incorporated

Report on the audit of the consolidated financial statements

Opinion

In our opinion, the consolidated financial report of DairyNZ Incorporated (the 'incorporated society') and its subsidiaries (the 'group') on pages 6 to 29 presents fairly, in all material respects:

i. the group's financial position as at 31 May 2023 and its financial performance and cash flows for the year ended on that date; and

ii. the service performance for the year ended 31 May 2023 in accordance with the incorporated society's service performance criteria;

in accordance with New Zealand Equivalents to International Financial Reporting Standards for

Public Benefit Entities issued by the New Zealand Accounting Standards Board.

We have audited the accompanying consolidated financial report which comprises:

- the consolidated statement of financial position as at 31 May 2023;
- the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended;
- notes, including a summary of significant accounting policies; and
- the consolidated statement of service performance.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'), and the audit of the statement of service performance, in accordance with the New Zealand Auditing Standard 1 The Audit of Service Performance Information ('NZ AS 1'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Our responsibilities under ISAs (NZ) and NZ AS 1 are further described in the Auditor's responsibilities for the audit of the consolidated financial report section of our report.

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

Other information

The Directors, on behalf of the group, are responsible for the other information included in the entity's Annual Report. Our opinion on the consolidated financial report does not cover any other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial report our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the

consolidated financial report or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other matter

The statement of service performance for the year ended 31 May 2022, was not audited.

Use of this independent auditor's report

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

Responsibilities of the Directors for the incorporated society and group financial statements

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

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

Auditor's responsibilities for the audit of the incorporated society and group financial statements

Our objective is:

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

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs NZ and NZ AS 1 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate and collectively, they could reasonably be expected to influence the economic decisions of users taken on the basis of this consolidated financial report.

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

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

This description forms part of our independent auditor's report.

KPMG

Hamilton

10 August 2023

Statutory Information

For the year ended 31 May 2023

The Directors present the Annual Report along with the audited accounts for DairyNZ Incorporated (DairyNZ) and its Subsidiary Companies (the Group) for the year ended 31 May 2023.

1. Activities

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

2. Results

The Group's total comprehensive deficit for the year was (\$2,693,317).

3. Disclosures

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

Directors	Dairy NZ Incorporated	Subsidiary and Other Directorships
J. van der Poel	Director Elected (Chairman)	DairyNZ Ltd
T. Brown	Director Elected	DairyNZ Ltd
M. Devlin	Director Appointed	DairyNZ Ltd
C. Glass	Director Elected	DairyNZ Ltd
C. Lewis	Director Elected	DairyNZ Ltd
M. Macleod	Director Appointed	DairyNZ Ltd
J. Rowarth	Director Elected	DairyNZ Ltd, New Zealand Animal Evaluation Ltd
M. Todd	Director Appointed	DairyNZ Ltd
H. Blair		New Zealand Animal Evaluation Ltd
E. Coats		New Zealand Animal Evaluation Ltd
S. Howse		New Zealand Animal Evaluation Ltd
S. Montgomerie		New Zealand Animal Evaluation Ltd
M. Townsend		New Zealand Animal Evaluation Ltd
A. Body		Insight Genomics Ltd and Pastoral Genomics Ltd
A. Finch		SDH GP Ltd
R. Gunn		DairyNZ Accreditation Ltd
M. Julian		Dairy Training Ltd
T. Mackle		DairyNZ Accreditation Ltd, Dairy Insight (PGGR Consortia) Ltd
J. Murphy		Dairy Training Ltd
G. Taylor		SDH GP Ltd
B. Thorrold		Insight Genomics Ltd and Dairy Insight (PGGR Consortia) Ltd

Positions held in other dairy industry good entities

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

Changes during the year

- R. Anderson resigned as director of NZAEL Limited on 1 December 2022
- E. Cook resigned as director of DairyNZ Limited on 18 October 2022
- D. Evans resigned as director of NZAEL Limited on 6 September 2022
- D. Evans resigned as director of DairyNZ Accreditation Limited 24 February 2023
- D. Evans resigned as director of Dairy Insight (PGGR Consortia) Limited 24 February 2023
- R. Gunn appointed as director of DairyNZ Accreditation Limited 24 February 2023
- C. Lewis appointed as director of DairyNZ Limited 18 October 2022
- D. McCall resigned as director of Dairy Training Limited on 19 May 2023
- J. Murphy appointed as director of Dairy Training Limited on 23 May 2023
- J. Rowarth appointed as director of NZAEL Limited on 6 September 2022
- P. Schuyt resigned as director of DairyNZ Limited on 18 October 2022
- M. Todd appointed as director of DairyNZ Limited 18 October 2022

Changes after balance date

- T. Mackle resigned as director of DairyNZ Accreditation Limited 4 July 2023
- T. Mackle resigned as director of Dairy Insight (PGGR Consortia) Limited 4 July 2023
- R. Marsh appointed as director of DairyNZ Accreditation Limited 26 July 2023
- R. Marsh appointed as director of Dairy Insight (PGGR Consortia) Limited 26 July 2023
- B. Thorrold appointed as director of Dairy Insight (PGGR Consortia) Limited 26 July 2023

Directors' interest

A Directors interest register is maintained throughout the year.

Use of company information

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

Share dealings

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

Donations

There were no donations made in the current year.

Board and committee attendance

	Board	ARC	P&C
J. van der Poel	6	4	4
T. Brown	5	4	
E. Cook	3		1
M. Devlin	5	3	
C. Glass	6		4
C. Lewis	3	1	3
M. Macleod	6		4
J. Rowarth	6	3	
P. Schuyt	3	1	
M. Todd	4	3	
Total meetings	6	4	4

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

Directors remuneration

Remuneration paid during the period was as follows:

	2023
J. van der Poel	95,740
T. Brown	47,583
E. Cook	18,258
M. Devlin	47,765
C. Glass	49,765
C. Lewis	29,908
J. Rowarth	45,765
M. Macleod	47,583
P. Schuyt	22,208
M. Todd	28,000
B. Virbickas	12,325

Directors of DairyNZ subsidiaries	2023
R. Anderson	10,000
H. Blair	21,000
E. Coats	20,000
S. Howse	20,000
S. Montgomerie	20,000
J. Rowarth	6,000
M. Townshend	40,000
	581,900

Employees remuneration

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

Salary Band	Number of Employees	
	2023	2022
100,000 - 110,000	27	17
110,000 - 120,000	19	24
120,000 - 130,000	26	12
130,000 - 140,000	10	11
140,000 - 150,000	17	7
150,000 - 160,000	7	10
160,000 - 170,000	6	6
170,000 - 180,000	9	5
180,000 - 190,000	2	-
190,000 - 200,000	2	2
200,000 - 210,000	3	2
210,000 - 220,000	2	2
220,000 - 230,000	4	1
230,000 - 240,000	1	2
240,000 - 250,000	1	1
250,000 - 260,000	1	2
260,000 - 270,000	-	1
270,000 - 280,000	1	1
280,000 - 290,000	1	-
290,000 - 300,000	2	1
600,000 - 610,000	-	1
610,000 - 620,000	1	-

Auditors remuneration

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

	For audit work	For other services
KPMG	100,500	61,122



J van der Poel, Chairman
10 August 2023



M Todd, Director
10 August 2023

Statement of Service Performance

For the year ended 31 May 2023

Performance measures

The performance measures DairyNZ is presenting have been grouped under two areas.

The groupings align to the DairyNZ strategy and compares how it performs and delivers against strategic outcomes.

The two key areas;

- **Levy Payers**, putting our relationship and engagement with levy payers at the heart of our business.
- **Investments**, ensuring levy investments deliver the step-changes the industry requires.

Our Levy Payers

These measures assess the quality and value that farmers consider DairyNZ provides across the year through its various engagement channels.

DairyNZ conducts a farmer perception quarterly survey to quantify these measures. Quarterly surveys are carried out by an independent third party using established methodology and selection criteria. A different subset of the farmer population is selected, from which rolling average results are derived.

These Success Measures are translated into questions within the Farmer Perception Survey to ensure we have regular monitoring of performance.

Our Investment

The investment measure is looking at how DairyNZ ensures its levy investments deliver the step changes the industry requires. DairyNZ is responsible for investing the levy funds along with government and commercial co-funding to achieve outcomes that align to the DairyNZ and Industry strategy.

DairyNZ groups its levy investments into five Focus Areas. For the purpose of this Statement of Service Performance, we have broken down the investment areas further so that (a) there is a more granular level of detail for the reader; and (b) so that the reader is able to understand the areas of investment with a lens on the industry level strategy.

Focus areas

DairyNZ exists to progress a positive future for New Zealand dairy farmers. This underpins everything we do, and is at the core of our organisational strategy. DairyNZ's strategy has been in place for three years, working for farmers across five focus areas:

- Increase profit and reduce environmental footprint by 2025 while caring for animals on-farm.
- Develop future farm systems and sector scale solutions.
- Build the capability of people on-farm.
- Engage and partner better with levy payers and farmers.
- Build trust and pride in dairy farming.

DairyNZ Statement of Service Performance

For the year ended 31 May 2023

Levy Payer (Customer)			
Delivering value to farmers and levy payers Performance Measures: Farmer Engagement	Target	Actual Average/10	Prior Year
1. Levy payers agreeing DairyNZ has delivered value to their farm business in the last year	6.3	5.1	5.2
2. Levy payers agreeing DairyNZ has delivered value to the sector in the last year	6.7	5.6	6.4
3. Levy payers overall satisfaction with DairyNZ	6.5	5.9	5.9

Investment			
Ensuring levy funds are invested to deliver the greatest value for money Performance Measures:	Target	Actual Average/10	Prior Year
1. The amount of total investment expenditure (in millions)	\$55M	\$66.8	\$62.4
2. Percentage of investment expenditure:			
Farm Systems & Resilience		16.5%	16.1%
Research & Development		36.6%	32.0%
Biosecurity		23.2%	24.3%
Protect & Nurture the Environment		10.6%	12.0%
Build Great Workplaces for NZ's Talented Workforce		7.3%	9.8%
Grow Vibrant & Prosperous Communities		4.1%	4.8%
Leading On-Farm Animal Care		1.6%	1.1%
3. Co-funding and commercial income received during the year as a percentage of total income		10.8%	10.6%

Statement of Comprehensive Income

For the year ended 31 May 2023

In thousands of New Zealand dollars	Consolidated		
	Note	2023	2022
Continuing operations			
Revenue and other income	3	81,713	81,935
Operational expenses	4	(85,458)	(79,700)
Profit/(loss) before finance activities		(3,745)	2,235
Finance income		899	147
Finance expenses		-	(5)
Net finance income	5	899	142
Profit/(loss) before income tax		(2,846)	2,377
Tax expense	6	-	-
Profit/(loss) for the period		(2,846)	2,377
Other comprehensive income			
Net change in fair value of available for sale financial assets		153	339
Income tax on other comprehensive income		-	-
Other comprehensive income for the period, net of income tax		153	339
Total comprehensive income/(loss) for the period		(2,693)	2,716

Statement of Changes in Equity

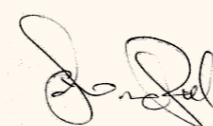
For the year ended 31 May 2023

In thousands of New Zealand dollars	Consolidated			
	Contribution by owners	Investment fair value reserve	Retained earnings	Total Equity
Balance as at 1 June 2021	33,783	(287)	20,378	53,874
Total comprehensive income for the period				
Profit/(loss) for the period	-	-	2,377	2,377
Other comprehensive income				
Net change in fair value of available for sale financial assets	-	339	-	339
Total other comprehensive income	-	339	-	339
Total comprehensive income for the period	-	339	2,377	2,716
Balance as at 31 May 2022	33,783	52	22,755	56,590
Balance as at 1 June 2022	33,783	52	22,755	56,590
Total comprehensive income for the period				
Profit/(loss) for the period	-	-	(2,846)	(2,846)
Other comprehensive income				
Net change in fair value of available for sale financial assets	-	153	-	153
Total other comprehensive income	-	153	-	153
Total comprehensive income for the period	-	153	(2,846)	(2,693)
Balance as at 31 May 2023	33,783	205	19,909	53,897

Statement of Financial Position

For the year ended 31 May 2023

In thousands of New Zealand dollars	Note	Consolidated	
		2023	2022
Assets			
Property, plant & equipment	7	20,955	19,810
Intangible assets	8	6,796	4,753
Biological assets - livestock	9	1,272	1,460
Investment in associates	18	4,400	4,477
Other investments	10	1,135	982
Total non-current assets		34,558	31,482
Cash and cash equivalents	12	25,662	31,261
Inventories		160	69
Trade and other exchange receivables	11	4,448	2,933
Trade and other non-exchange receivables	11	7,616	8,188
Total current assets		37,886	42,451
Total assets		72,444	73,933
Members' funds			
Contribution by owners		33,783	33,783
Investment fair value reserve		205	52
Retained earnings		19,909	22,755
Total members' funds	16	53,897	56,590
Liabilities			
Employee entitlements	14	223	198
Total non-current liabilities		223	198
Trade and other payables	15	13,743	13,165
Deferred income		748	1,424
Employee entitlements	14	3,833	2,556
Total current liabilities		18,324	17,145
Total liabilities		18,547	17,343
Total members' funds and liabilities		72,444	73,933



J van der Poel, Chairman
10 August 2023



M Todd, Director
10 August 2023

Statement of Cash Flows

For the year ended 31 May 2023

In thousands of New Zealand dollars	Consolidated		
	Note	2023	2022
Net cash from/(used in) operating activities			
Cash provided from:			
Dairy industry good levies		67,128	67,530
Biosecurity response levies collected		44,554	44,769
Other funding		13,559	15,942
Interest income received		899	147
		126,140	128,388
Cash applied to suppliers and employees		81,824	73,423
Biosecurity response levies paid		44,554	44,769
Interest expense paid		-	5
		126,378	118,197
Net cash from/(used in) operating activities	23	(238)	10,191
Net cash from/(used in) investing activities			
Cash provided from:			
Proceeds from sale of biological assets		139	184
Proceeds from sale of property, plant & equipment		42	35
		181	219
Cash applied to:			
Acquisition of property, plant & equipment and intangibles		5,542	1,785
		5,542	1,785
Net cash from/(used in) investing activities		(5,361)	(1,566)
Net increase/(decrease) in cash balances		(5,599)	8,625
Cash balances at beginning of period		31,261	22,636
Closing cash balances	12	25,662	31,261

Notes to the Financial Statements

For the year ended 31 May 2023

A) Accounting policies

1. Accounting entity

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

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

The consolidated financial statements of DairyNZ as at, and for the year ended 31 May 2023 comprise DairyNZ and subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities.

2. Basis of preparation

i) Statement of compliance

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

The financial statements were approved by the Directors on 10 August 2023.

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

ii) Basis of measurement

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

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

iii) Functional and presentation currency

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

iv) Use of estimates and judgements

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

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

Significant areas involving high levels of estimation or judgement are:

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

v) New or amended standards adopted in current year

i) PBE IPSAS 41 'Financial instruments' which was effective for annual periods beginning on or after 1 January 2022. The standard will simplify the mixed measurement model as well as establish three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through financial performance. The Group has assessed the impact of these standards and considers there to be minimal impact on the financial statements.

ii) PBE IPSAS 48 'Service Performance Reporting' - This standard has been applied retrospectively.

B) Performance**3. Revenue**

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

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

i) Revenue from exchange transactions**Services**

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

Other income

Other income comprises of the following;

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

Revenue from exchange transactions	2023	2022
Services		
Farm income	2,016	2,407
Research commercial income	5,310	4,293
Dairy Training course fees	1,275	1,466
Other income		
Other income	2,044	2,152
Total exchange revenue	10,645	10,318

ii) Revenue from non-exchange transactions

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

Industry good levy

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

Government grants and funding

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

Revenue from non-exchange transactions	2023	2022
Levy income		
Levy revenue is collected from farmers via the following companies:		
Fonterra	53,373	53,211
Open Country Dairy	6,114	6,060
Synlait	3,024	2,983
Westland	2,036	2,041
Miraka	852	886
Oceania Dairy	842	881
Tatua	534	530
Other Dairy Companies	676	658
Total levy income	67,451	67,250
Other funding		
MBIE research funding	534	1,113
Sustainable Farming fund	2,505	2,151
Other	578	1,103
Total other funding	3,617	4,367
Total non-exchange revenue	71,068	71,617
Total exchange revenue	10,645	10,318
Total revenue	81,713	81,935

4. Expenses

Expenses include the following items:

In thousands of New Zealand dollars	Consolidated	
	2023	2022
Amortisation	1,019	1,056
KPMG - audit fees	101	86
KPMG - other services	61	11
Commodity levy collection fee	337	336
Depreciation	1,335	1,467
Directors' fees (includes directors of subsidiaries)	582	606
Directors' and governance expenses	218	202
Impairment of investments	77	717
Operating leases	485	493
Personnel expenses	32,982	27,993
Professional fees - legal	445	415
Provision for employee entitlements	1,303	2,754

Research and development

Research and development costs are expensed when incurred. Expenditure on research activities is undertaken with the prospect of gaining new scientific or technical knowledge and understanding.

The Group's research and development costs for the period were \$37.60 million (2022; \$34.20 million).

Audit

Other services include engagement on data privacy review and SSP readiness. (2022; tax accounting advice for SDH wintering pad project.).

5. Net finance income

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

In thousands of New Zealand dollars	Consolidated	
	2023	2022
Interest income on loans and receivables	899	147
Finance income	899	147
Interest payable on loans and payables	-	(5)
Finance expense	-	(5)
Net finance income	899	142

Finance income

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

6. Income tax

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

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

C) Net assets

7. Property, plant and equipment

In thousands of New Zealand dollars

Consolidated

	Land	Buildings	Leasehold improvements	Farm development	Plant and equipment	Vehicles	Total
For the year ended 31 May 2022							
Cost or deemed cost							
Balance at 1 June 2021	13,196	13,023	895	1,451	8,035	2,949	39,549
Additions	-	-	-	54	615	61	730
Disposals	-	(5)	-	-	(8)	(241)	(255)
Balance at 31 May 2022	13,196	13,018	895	1,505	8,642	2,769	40,024
Depreciation and impairment losses							
Balance at 1 June 2021	-	8,143	884	994	6,598	2,378	18,997
Depreciation for the year	-	513	-	71	537	346	1,467
Disposals	-	-	-	-	-	(250)	(250)
Balance at 31 May 2022	-	8,656	884	1,065	7,135	2,474	20,214
Carrying Amount as at 31 May 2022	13,196	4,362	11	440	1,507	295	19,810
For the year ended 31 May 2023							
Cost or deemed cost							
Balance at 1 June 2022	13,196	13,018	895	1,505	8,642	2,769	40,024
Additions	-	3	46	123	2,210	101	2,484
Disposals	-	-	-	-	-	(140)	(140)
Balance at 31 May 2023	13,196	13,021	941	1,628	10,852	2,730	42,368
Depreciation and impairment losses							
Balance at 1 June 2022	-	8,656	884	1,065	7,135	2,474	20,214
Depreciation for the year	-	508	4	72	537	214	1,335
Disposals	-	-	-	-	-	(137)	(137)
Balance at 31 May 2023	-	9,165	888	1,137	7,671	2,552	21,413
Carrying Amount as at 31 May 2023	13,196	3,856	53	491	3,180	179	20,955

i) Recognition and measurement

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

ii) Depreciation

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

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

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

- **Buildings** -- 4-50 years
- **Leasehold improvements** -- Lease period being 1 to 34 years
- **Farm development** -- 5-20 years
- **Plant and equipment** -- 2-12.5 years
- **Vehicles** -- 2-10 years

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

iii) Land

Land is valued at cost.

iv) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. As at 31 May 2023, there are no finance leases.

v) Impairment

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

8. Intangible assets

In thousands of New Zealand dollars	Consolidated
	Software
For the year ended 31 May 2022	
Cost or deemed cost	
Balance at 1 June 2021	12,423
Additions	1,061
Balance at 31 May 2022	13,484
Depreciation and impairment losses	
Balance at 1 June 2021	7,094
Amortisation for the year	1,056
Disposals	581
Balance at 31 May 2022	8,731
Carrying Amount as at 31 May 2022	4,753
For the year ended 31 May 2023	
Cost or deemed cost	
Balance at 1 June 2022	13,484
Additions	3,062
Balance at 31 May 2023	16,546
Depreciation and impairment losses	
Balance at 1 June 2022	8,731
Amortisation for the year	1,019
Balance at 31 May 2023	9,750
Carrying Amount as at 31 May 2023	6,796

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

9. Biological assets

In thousands of New Zealand dollars	Consolidated	
	2023	2022
Balance at 1 June	1,460	1,420
Changes due to sales and natural increases	(188)	40
Balance at 31 May	1,272	1,460
Non-current	1,272	1,460
Number of Livestock held at 31 May	768	820

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

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

Risks

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

i) Regulatory and environmental risks

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

ii) Climate and other risks

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

10. Investments

In thousands of New Zealand dollars	Consolidated	
	2023	2022
Financial assets held at fair value through OCI	1,135	982
Balance at 31 May	1,135	982

In accordance with PBE IPSAS 41, any gain or loss arising from a financial asset or financial liability measured at fair value shall be recorded in the surplus or deficit, except when it pertains to an investment in an equity instrument. DairyNZ has elected to present gains and losses on this investment through Other Comprehensive Revenue and Expense, as permitted by Paragraph 106. This election, made at the initial recognition, is irrevocable and applies to subsequent changes in the fair value of the equity instrument investment, which falls within the scope of this standard and is not held for trading or contingent consideration recognized by an acquirer in a PBE combination subject to PBE IPSAS 40.

11. Trade and other exchange or non-exchange receivables

In thousands of New Zealand dollars	Consolidated	
	2023	2022
Trade receivables due from related parties	831	12
Other trade receivables	10,831	10,991
Prepayments	402	118
Balance at 31 May	12,064	11,121

i) Recognition and measurement

Trade receivables are initially measured at fair value, then adjusted for any impairment. Trade receivables classified as 'loan and receivable' financial instruments are stated at amortised cost using the effective interest method, less any impairment losses.

ii) Impairment

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

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

iii) Biosecurity response levy receivable

Other trade receivables includes an amount of \$2,766,566 receivable from dairy processors in relation to the May 2023 biosecurity response levy. This amount is also payable to the Ministry for Primary Industries. (2022: \$2,551,034).

12. Cash and cash equivalent

In thousands of New Zealand dollars	Consolidated	
	2023	2022
Bank balances	10,527	16,261
Short-term deposits	15,135	15,000
Cash and cash equivalents	25,662	31,261

Cash and cash equivalents are measured at amortised cost using the effective interest method. The effective interest rate on short-term deposits in 2023 was 4.58 percent (2022: 1.35 percent). The deposits had an average maturity of 160 days (2022: 147 days).

13. Leases

Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

In thousands of New Zealand dollars	Consolidated	
	2023	2022
Less than one year	744	484
Between one and five years	1,094	1,058
More than five years	290	380
	2,129	1,922

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

Lease Payments

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

14. Employee entitlements

In thousands of New Zealand dollars	Consolidated	
	2023	2022
Non-current	223	198
Current	3,833	2,556
Balance at 31 May	4,056	2,754

The provision for employee entitlement relates to long service leave, accrued annual leave and retirement allowances.

i) Long-term benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is 4.27% which was the 10-year government bond rate as at 31 May 2023. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in the statement of comprehensive income in the period in which they arise.

ii) Short-term benefits

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

iii) Defined contribution plans

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

15. Trade and other payables

In thousands of New Zealand dollars	Consolidated	
	2023	2022
Trade payables due to related parties	1,153	79
Other trade payables	9,400	9,981
Non-trade payables and accrued expenses	3,190	3,105
Balance at 31 May	13,743	13,165

i) Recognition and measurement

Trade payables are recognised at cost when the company becomes obliged to make future payments resulting from the purchase of goods and services. Trade payables are measured at amortised cost using the effective interest rate method.

ii) Provisions

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

16. Members' funds and reserves

DairyNZ members' funds comprise retained earnings, fair value reserves and contributions received. Equity is represented by net assets.

Fair value reserve

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

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

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

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

17. Subsidiaries

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

The Group has the following significant subsidiaries:

Name	Country	Class of share	Voting interest held %		Balance date	Principal activity
			2023	2022		
DairyNZ Limited	NZ	Ordinary	100	100	31-May	Dairy industry research, development and extension
Dairy Training Limited	NZ	Ordinary	100	100	31-May	Dairy industry training
New Zealand Animal Evaluation Limited	NZ	Ordinary	100	100	31-May	Maintenance of a national breeding index
Dairy Insight (PGGR Consortia) Limited	NZ	Ordinary	100	100	31-May	Greenhouse gas emission research
Insight Genomics Limited	NZ	Ordinary	100	100	31-May	Pastoral genomics ryegrass research
DairyNZ Accreditation Limited	NZ	Ordinary	100	100	31-May	Accreditation of dairy industry services

i) Transactions eliminated on consolidation

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

18. Joint ventures and associates

a) Joint ventures

In thousands of New Zealand dollars

	Pastoral Greenhouse Gas Research Consortium	Pastoral Genomics Ltd	Total (share in joint venture)
For the year ended 31 May 2022			
Ownership	27.25%	49.66%	
Current assets	89	-	89
Total assets	89	-	89
Current liabilities	69	-	69
Total liabilities	69	-	69
Revenues	110	(142)	(32)
Expenses	(583)	-	(583)
Profit/(loss)	(473)	(142)	(615)
For the year ended 31 May 2023			
Ownership	27.22%	49.66%	
Current assets	24	-	24
Total assets	24	-	24
Current liabilities	9	-	9
Total liabilities	9	-	9
Revenues	41	-	41
Expenses	(76)	-	(76)
Profit/(loss)	(35)	-	(35)

Joint ventures

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

Pastoral Genomics Ltd is no longer active.

b) Associates

In thousands of New Zealand dollars

	SDH GP Ltd
For the year ended 31 May 2022	
Ownership	37.50%
Current assets	1,384
Non-current assets	6,252
Total assets	7,636
Current liabilities	3,159
Total liabilities	3,159
Revenues	145
Expenses	(253)
Profit/(loss)	(108)
Value of investment	4,477
For the year ended 31 May 2023	
Ownership	37.50%
Current assets	79
Non-current assets	7,286
Total assets	7,365
Current liabilities	8
Non-current liabilities	2,957
Total liabilities	2,965
Revenues	165
Expenses	(242)
Profit/(loss)	(77)
Value of investment	4,400

Equity accounted associates

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

OsPRI Limited (associate)

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

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

TBfree New Zealand Ltd is a wholly owned subsidiary of OSPRI and it runs TBfree programme that aims to control and then eradicate bovine tuberculosis (TB) in New Zealand.

D) Other disclosures

19. Financial instruments

Risks

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

i) Credit risk

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

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

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

	In thousands of New Zealand dollars		Consolidated	
	Gross receivable	Impairment	Gross receivable	Impairment
	2023	2023	2022	2022
Trade receivables				
Not past due	11,091	-	9,860	-
Past due 0-30 days	420	-	524	-
Past due 31-120 days	29	-	566	-
Past due 121-360 days	122	-	53	-
Past due more than 1 year	-	-	-	-
Balance at 31 May	11,662	-	11,003	-

ii) Market risk

a) Foreign currency risk

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

b) Interest rate risk

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

In thousands of New Zealand dollars

Consolidated

	2023			2022		
	Balance	Maturity date	Interest rate	Balance	Maturity date	Interest rate
Short Term Deposit	10,135	27/07/2023	5.46%	5,000	13/06/2022	1.25%
Short Term Deposit	5,000	22/06/2023	4.85%	5,000	7/07/2022	1.63%
Short Term Deposit	-			5,000	30/09/2022	2.47%
	15,135			15,000		
Average effective interest rate			5.16%			1.78%

Sensitivity analysis

In managing cash flows DairyNZ aims to reduce the impact of short-term fluctuations on earnings by investing in short term deposits. Over the longer-term, however, permanent changes in interest rates will have an impact on profit. A decrease in interest rates of one percent would reduce interest income by \$246,502 (2022; \$223,471). Cash deposits made on DairyNZ's behalf are made only with New Zealand registered banks with an appropriate credit rating.

20. Capital commitments

DairyNZ has capital commitments totalling \$1,115,426. (2022; \$379,994).

21. Committed funds

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

	In thousands of New Zealand dollars	
	2023	2022
Less than one year	17,192	19,545
Between one and five years	31,867	48,658
More than five years	-	25
	49,059	68,228

22. Contingent liabilities

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

DairyNZ has agreed to co-fund a number of industry good projects, but the providers of these projects are required to secure funding from other sources before DairyNZ will provide the agreed funding. As this ability to secure other funding is outside the control of DairyNZ, DairyNZ's committed funding is recognised as a contingent liability.

In the normal course of business DairyNZ, as an investor, agrees to co-fund industry good projects pending the providers ability to secure funding from other sources.

In thousands of New Zealand dollars	Consolidated	
	2023	2022
Less than one year	-	-
Between one and five years	-	-
More than five years	-	-
	-	-

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

In thousands of New Zealand dollars	Consolidated	
	2023	2022
Profit/(loss) for the period	(2,846)	2,377
Adjustments for:		
Depreciation	1,335	1,467
Amortisation of intangible assets	1,019	1,056
Net change in fair value of biological assets	48	(224)
Gain on sale of fixed assets	(42)	(35)
Impairment of intangible assets	-	581
Impairment of investment in joint ventures and associates	77	718
	2,437	3,563
Change in inventories	(91)	67
Change in trade receivables	(943)	1,847
Change in trade and other payables	(97)	2,014
Change in provisions and employee benefits	1,302	323
	170	4,251
Net cash from operating activities	(238)	10,191

24. Related parties

Parent and ultimate controlling party

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

Transactions with key management personnel

Key management personnel compensation comprised:

In thousands of New Zealand dollars	Consolidated	
	2023	2022
Employee benefits - short term	3,253	3,399
	3,253	3,399

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

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

Other related party transactions

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

In thousands of New Zealand dollars

	Transaction value		Balance outstanding	
	2023	2022	2023	2022
Pastoral Greenhouse Gas Research Consortium	30	-	400	400
TBfree New Zealand Ltd (a subsidiary of OSPRI)	14,500	14,500	1,390	1,390
	14,530	14,500	1,790	1,790

Other related party transactions

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

In thousands of New Zealand dollars

	Transaction value		Receivables Balance outstanding	
	2023	2022	2023	2022
AgResearch	1,346	-	816	-
Animal Breeding Services (2007) Limited	1	-	-	-
CRV Ltd	95	-	3	-
NIWA	98	109	-	-
Pastoral Greenhouse Gas Research Consortia (joint venture)	-	31	-	-
Ravensdown Limited	2	-	-	-
Southern Dairy Hub (associate)	12	10	12	12
Southern Demonstration and Research Farm Limited	-	3	-	-
	1,554	153	831	12

In thousands of New Zealand dollars

	Transaction value		Payables Balance outstanding	
	2023	2022	2023	2022
AgResearch	3,430	-	1,151	-
Animal Breeding Services (2007) Limited	24	-	-	-
Ballance Agri-Nutrients Limited	-	141	-	38
NIWA	17	221	2	-
Pasture Conferences Limited	-	2	-	-
Ravensdown Limited	-	3	-	-
Southern Demonstration and Research Farm Limited	-	384	-	41
	3,471	751	1,153	79

25. Subsequent events

Chief Executive Tim Mackle finished employment on 4th of July 2023 and will be replaced by Campbell Parker, starting 4th October 2023.

26. Other disclosures

i) Biosecurity response levy

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

We invest in a wide range of programmes across DairyNZ's focus areas.

Our focus areas underpin our strategy, and reflect our commitment to progressing a positive future for New Zealand dairy farming.

Our work includes

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

In 2022/23, a total of \$67.45 million was collected through the milksolids levy, plus DairyNZ received government co-funding.



2022/23 actual levy expenditure by focus areas

for every \$1 of DairyNZ investment



2023/24 DairyNZ planned investment by focus areas

Focus Area	Forecast spend
Focus area 1: Increase profit and reduce environmental footprint	\$14.6M
Focus area 2: Future farm systems and solutions*	\$35.5M
Focus area 3: Build capability of people	\$7.5M
Focus area 4: Engage better with levy payers	\$11.3M
Focus area 5: Build trust and pride	\$2.9M

*Includes \$14.5M for TB management

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