

Dairynz 

**Annual  
Report  
Summary**  
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](http://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 costs 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 focussed 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.

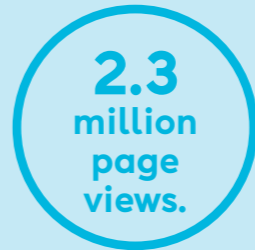
## 4 Engage and partner better with levy payers and farmers

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, with genomics, 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 show 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

# Financials

## 2022/23

### 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 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 more detail for the reader and (b) to explain how investment areas relate to DairyNZ's 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%

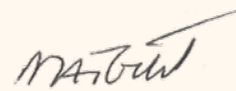
## Statement of Comprehensive Income

For the year ended 31 May 2023

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



J van der Poel, Chairman  
10 August 2023



M Todd, Director  
10 August 2023

## 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
<b>Total other comprehensive income</b>	<b>-</b>	<b>339</b>	<b>-</b>	<b>339</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>339</b>	<b>2,377</b>	<b>2,716</b>
<b>Balance as at 31 May 2022</b>	<b>33,783</b>	<b>52</b>	<b>22,755</b>	<b>56,590</b>
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
<b>Total other comprehensive income</b>	<b>-</b>	<b>153</b>	<b>-</b>	<b>153</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>153</b>	<b>(2,846)</b>	<b>(2,693)</b>
<b>Balance as at 31 May 2023</b>	<b>33,783</b>	<b>205</b>	<b>19,909</b>	<b>53,897</b>

## Statement of Financial Position

For the year ended 31 May 2023

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



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

The summary financial information has been derived from, and should be read in conjunction with, the DairyNZ annual financial statements (the "full financial statements"). The full financial statements, approved by the Board of Directors on 10th August 2023, are available at [dairynz.co.nz/annual-report](http://dairynz.co.nz/annual-report) from 2 October 2023. The accounting policies used in these financial statements are included in the notes to the full financial statements. The full financial statements have been prepared in accordance with and comply with New Zealand Generally Accepted Accounting Practice ("NZ GA AP"). They comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable Financial Reporting Standards, as appropriate for Tier 1 not-for-profit public benefit entities. The full financial statements have been audited by KPMG and an unqualified opinion given. The summary financial information cannot be expected to provide as complete understanding as provided in the full financial statements

## 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 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



*Dairynz* 

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