

# HOW NEW ZEALAND DAIRY FARMERS USE GROUPS TO IMPROVE ON-FARM EFFICIENCIES

NEELS BOTHA

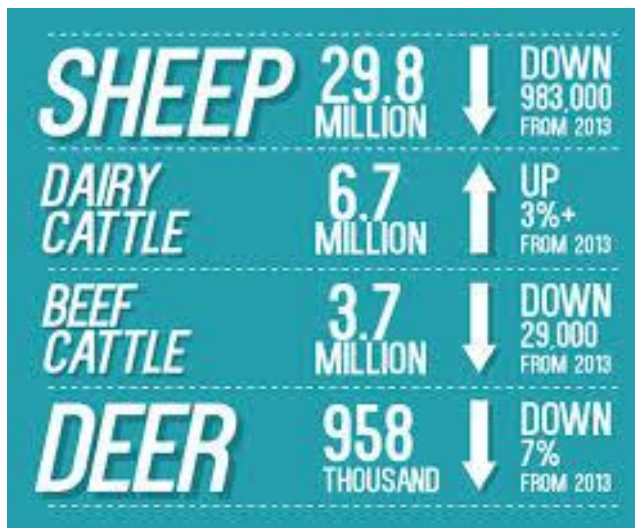
PAPER PRESENTED AT THE GROWER GROUP ALLIANCE ANNUAL FORUM, PERTH, 2015.

# HAMILTON, NZ



# BACKGROUND

- NZ's most important export sector is agri-foods
- NZ specialises in protein foods
  - Predominantly milk
- NZ can feed 45 million people
- NZ provides milk products for 165 million people (109kg/year consumption)

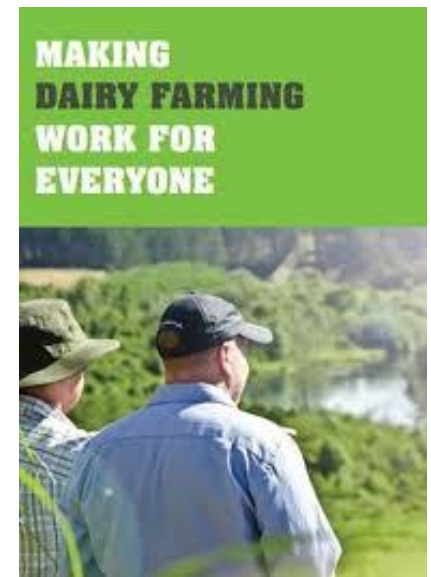


# THE CHALLENGE

NZ dairy farmers must farm within boundaries.  
They can not afford to cause harm to anything or anybody.  
They have to seriously consider people, profit and the planet.

## Challenge:

- Optimum milk production - within limits.
- NZ dairy farmers must improve their efficiencies while dealing with
  - a challenging labour market (people)
  - volatile global markets (profit)
  - environmental compliance (planet)



# OVERVIEW

- The role of farmer groups in addressing the challenge
  - Four examples that illustrate the various ways in which it happens (one-size-does-not-fit-all)
    - A seasonal needs-driven approach: Regional discussion groups
    - A capacity building approach: Progression groups
    - A benchmarking approach: DairyBase
    - A partnership approach: DairyPush
- Summary and conclusion



# REGIONAL DISCUSSION GROUPS

## Seasonal needs-driven approach

- More than 300
- DairyNZ extension team working in the field with farmers
- Connect DairyNZ with farmers
- Free attendance
- Opportunities for:
  - Knowledge sharing
    - Farmer-research
    - Farmer-farmer
  - Finding solutions
  - Building confidence
  - Networking
  - Gaining new perspectives
  - Mentoring
  - Getting off farm



# HOW REGIONAL DISCUSSION GROUPS WORK

Select a host farm for next group discussion

DairyNZ consulting officer and host farmer collate farm information and identify issues to discuss

Hold discussion group (2 hours)

- attendees receive host-farm information and talk through the key issues
- consulting officer also provides relevant research and resources

After the group

- consulting officer summarises the key recommendations of the group members and own
- host farmer receives an Action Plan Report from consulting officer

# PROGRESSION GROUPS

Capacity building approach

Forums for like-minded farmers who want to enhance their skills and career options

Groups of 20-25

Two types of groups:

- Early career
  - Building people and business management skills
- More experienced
  - Building strategic, financial and performance management skills

Example: equity managers, Ngutunui, Waikato

- Farm owners after 18 years
- Used early career groups to learn and build networks
- "It will be good to network with somebody that is ahead of us who has achieved something in the dairy industry..."
- "Just because we have progressed doesn't mean we have to stop"





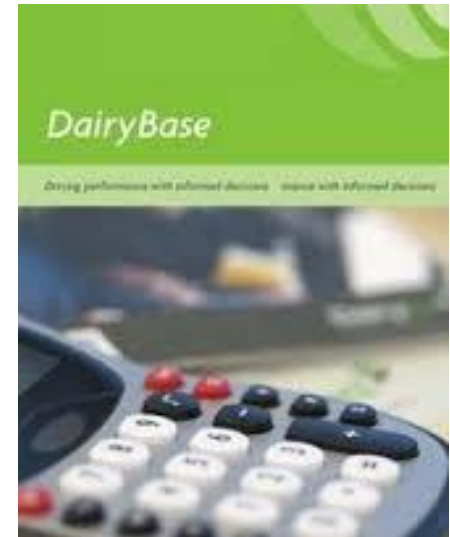
# DAIRYBASE

Benchmarking approach

1,500 farms participating

DairyBase:

- A web based software tool
- Provides reports that give an overall business view from a management perspective
- Accountants and consultants can analyse farm physical information and financial statements
- Allows farmers to compare their business against others
  - Farm Average Benchmarks
    - Derived from the average of at least 20 qualifying farms by type, location or other criteria for the current season.



# DAIRYBASE FARM PRODUCTIVITY DISCUSSION GROUPS

Farmers in groups benchmark against each other and discuss the reasons behind their results

Example: Hamilton farmers (500 cows)

- “We could run our business without it but we could not manage it.”
- “Sorted fact from fiction”
  - “Accountant said spending on repair and maintenance was too high”
  - “It was bang on DairyBase average”
- Catalyst for change
  - “...gives you a sense of direction”
  - “...forces you to think why you are different from the benchmark group”
- Monitor progress and the impact of decisions
  - “...going to a higher input system hadn’t increased our profit”



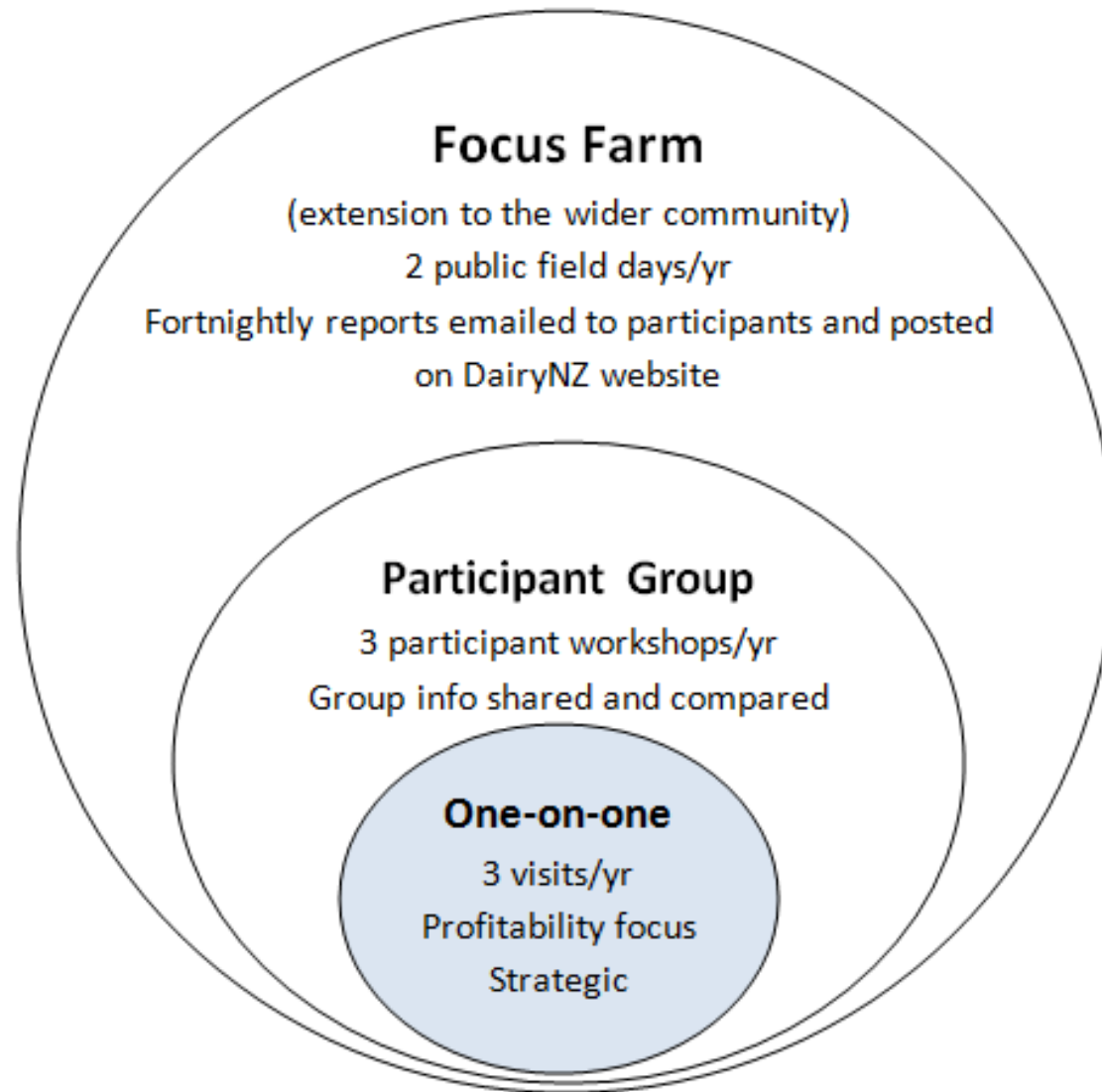
# Dairypush (acknowledge these slides are from a paper presented by Mark Paine, 2015)

A partnership approach

- Group of farmers seeking business improvement
- Limit of 40-60 farms
- Commitment for 3 years
- Willingness to change by all parties in the business
- Openness to undertaking business analysis, including DairyBase
- \$400 fee/yr



# Design



## IMPACTS: PRACTICE CHANGE

Increased monitoring

Increased understanding of farm business

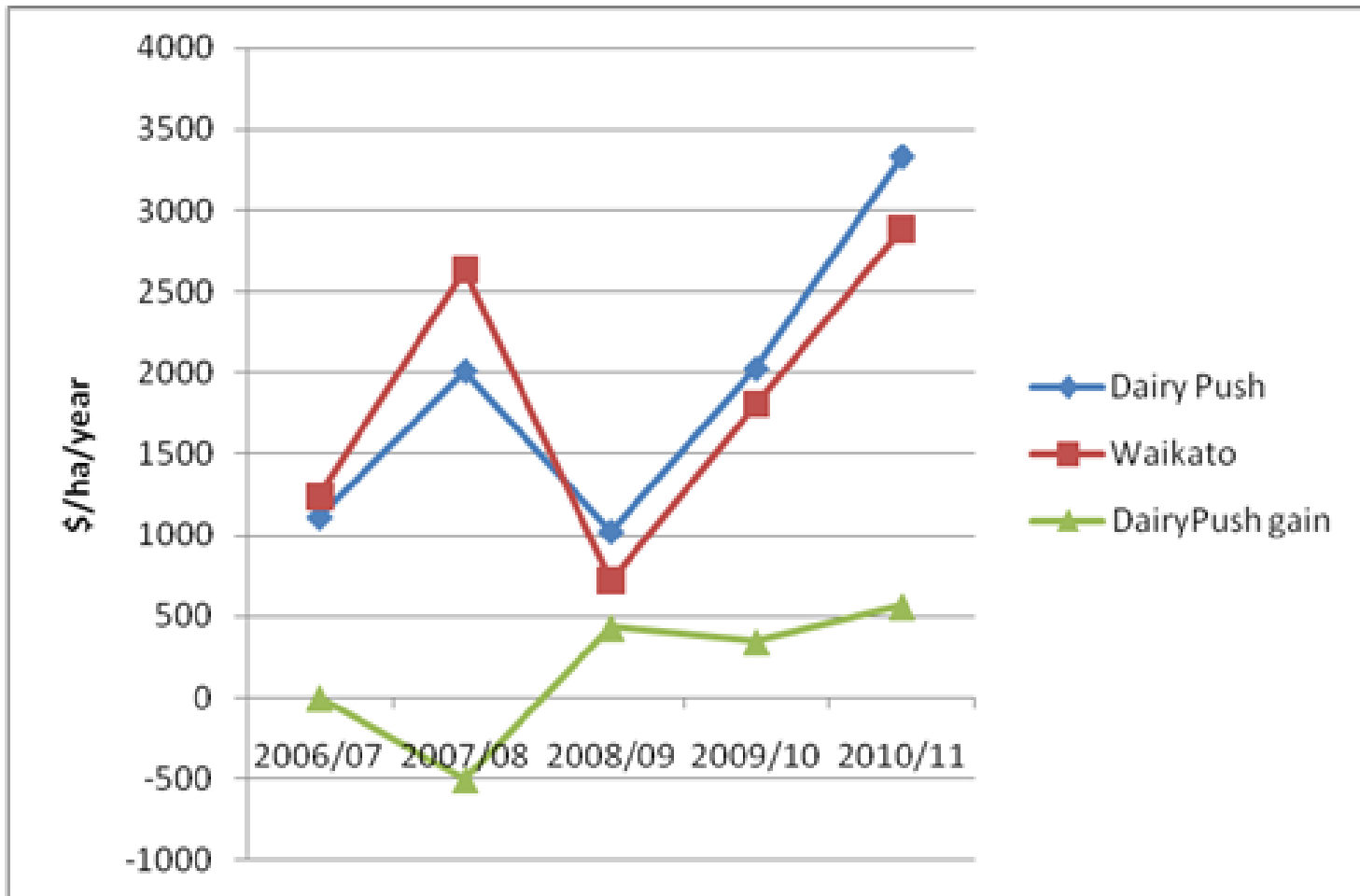
Change in focus towards profitability as opposed to straight productivity

Increased sharing of info between farmers

Survey showed farmers value the programme

Increased environmental awareness

# ECONOMIC OUTCOME



# MATAMATA PIAKO DAIRY PUSH

3 = three main rivers in the catchment  
(Waihou, Piako, Waitoa)



# PEOPLE INITIATIVES

## Strong foundations

- To have all farms compliant with labour laws

## People as an asset

- Be confident to talk about people management

## Job satisfaction

- People on farm experience a quality work environment





# PROFIT INITIATIVES

## **Benchmarking**

- Use data to drive profitable production systems. Targeting a \$500/ha/yr after 3 years

## **Financial Literacy**

- Build financial monitoring skills and understanding

## **Profitable farming with the environment**

- The group will help lead the way in laying foundations to how we farm into the future

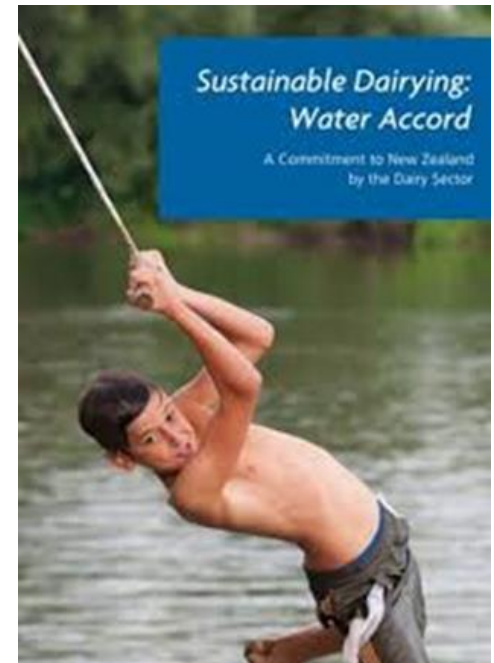
# PLANET INITIATIVES

## Leadership

- All farms compliant with environmental laws
- Proactively engage and communicate with the local community
- Provide a clearer understanding of the challenges ahead

## Education & collaboration

- Understand the value of data captured on farm and how to use it
- Educate participants on measurement techniques



# WHY DO THESE PARTNERSHIPS WORK?

- Farmer initiated and governed
- Targeted on farm business goals
- Benchmarking
- Systems approach (people, profit, planet)
- Multi-season for impact
- Regionally bounded & networked
- Financial commitment
- Private sector 1:1 follow-up
- R&D support role



THE END