2014 ANZ Dairy Business of the Year Awards

Dairy Business of the Year Winners - Nigel & Rachael Brock, Montana

Share Dairy Farmer of the Year Winners - Ben & Jodie Popowski, Smithton

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2014 ANZ

Dairy Business of the Year

Field Day & Farm Walk

Tuesday April 1st, 2014

Nigel & Rachael Brock, Montana

Program

10:00 a.m. – Morning Tea	
10:30 a.m. – Welcome	DairyTas
10:40 a.m. – Judges' Comments	Lesley Irvine, TIA & Rob Frampton, 2013 DBOY Winner
10:50 a.m. – Farm Walk	Nigel & Rachael Brock, and Lesley Irvine, TIA
12:30 p.m. – BBQ Lunch	

The ANZ Dairy Business of the Year Awards are organised by DairyTas and the TIA Dairy Centre

2014 ANZ

Share Dairy Farmer of the Year

Field Day & Farm Walk

Tuesday April 15th, 2014

Ben & Jodie Popowski

Share farming for Bradley Watson

Program

10:00 a.m. – Morning Tea

10:30 a.m. – Introduction and Judges' Comments

10:45 a.m. – Farm Walk

12:30 p.m. – BBQ Lunch

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ACKNOWLEDGEMENTS

Data for this award has been collected and analysed using the Dairy Farm Monitor Project

This booklet has been prepared by Alison Hall, Heidi Broun and Lesley Irvine, TIA Dairy Centre

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Your Levy at Work

2014 ANZ Dairy Business of the Year Awards

DBOY Winners: Nigel & Rachael Brock, 7.9% RoA

Runners-up: Brian & Michele Lawrence, 7.7% RoA

Ken & Jill Lawrence, 6.5% RoA

Peter & Jo Jones, 8.5% RoA

Share Dairy Farmer Winners: Ben & Jodie Popowski, Smithton

Runners-up: Leigh & Kellie Schuuring, Mella

Pasture Awards:

G & K Archer & L & K Schuuring, Mella – 10.5t DM/ha

J & C Hunt, VDL, Togari – 10.2t DM/ha

McNab & Twose, Forest – 15.9t DM/ha

Archer & Chilvers, Symmons Plains – 11.9t DM/ha

Huisman Family & Hatfield Dairies P/L, Togari – 10.7t DM/ha

Gary & Sheryl Van der Drift, Myalla – 13.7t DM/ha

Nigel & Rachael Brock, Montana – 13.2t DM/ha

Recent Past DBOY Winners		Participants
2013	Rob, Lesley & Norm Frampton, Gawler	31
2012	Grant & Kim Archer, share farmers plus Rob & Jo Bradley, farm owners, Cressy	40
2011	Darron & Veronica Charles, Mawbanna	33
2010	Grant & Melanie Rogers, Ouse	45
2009	Huisman family & Hatfield Dairies P/L	36
2008	Paul & Nadine Lambert, Merseylea	36
2007	Gary & Helen Strickland, King Island	36
2006	Stephen & Karen Fisher, Togari	40
2005	Symon & Louise Jones, Gunns Plains	50
2004	John & Katrina Sykes, Ringarooma Alan & Rosie Davenport, Derby	42
2003	Grant & Kim Archer, Mella	47
2002	Wayne & Joanne Bowen, Scottsdale	40
2001	Darrell & Jennifer Kay, Togari	38
2000	Derek & Cynthia McAdam, Trowutta	70

2014 ANZ Dairy Business of the Year Winners – Nigel & Rachael Brock, Farm Owners, Montana

A feature common to Dairy Business of the Year Award winners has been their attitude and passion for farming – a desire to do things to the best of their ability. Nigel and Rachael are no exception to this: "If you are going to do something, do it professionally" was one of the comments made by Nigel. This attitude has led them to focus on the key aspects of their business that they considered to be most important in achieving a highly productive and profitable dairy farm: people, pasture and cows.

'Do it right'

It doesn't take long once you arrive at Nigel and Rachael Brock's farm to see that they live by their philosophy of 'do it right'. From the dairy to the family home and with all the fencing, calf rearing areas, feed pad and other infrastructure in between, you can see that there has been a lot of planning and attention to detail to make this farm a pleasant environment in which to work and live.

Since taking on full management of the family property in 2006, Nigel and Rachael have developed the dairy enterprise from 142 hectares milking 250 cows to a milking area of 190 hectares milking 730 cows in 2012-13. They are continuing to grow with recent investment in a feed pad and, in the near future, a third centre pivot irrigator which will increase the irrigated milking area from 60% to 95%.

People

Nigel and Rachael had struggled in the past with high staff turnover. Obviously this is a cost to the business, not only in time and money, but in achieving business goals – and it is stressful. Putting a focus on this area of the business, they undertook training in people management and implemented

what they learnt. The business now has a more stable team of people with clearly defined roles.

Nigel and Rachael have taken the approach of employing people specifically for milk harvesting. This has allowed them to create a skilled team of people that understand all the dairy operating procedures and this allows Nigel and Mirco Danesin (2nd in charge) to focus on farm management outside of the dairy.

When employing someone new on the farm, Nigel and Rachael have an induction process they follow to be sure that the new person is aware of all the procedures, and dangers, and is able to identify animal health issues. The dairy operating procedures are clearly displayed in the staff room at the dairy and are laminated so they can be taken out for reference during set-up, milking or clean-up.

Each employee has an employment contract, which outlines pay rate, conditions of employment, expectations, and OH&S requirements. When these were first implemented, individual meetings were conducted with each team member to discuss and agree on the contract and to also provide feedback on performance and ask for feedback on management.

Pasture

Pasture management is a priority on this farm as it recognised as being the cheapest source of feed. When Nigel and Rachael identified pasture management as an area they wished to improve, they took part in the 20:12 Pasture Project where they worked with consultant Andrew Wright to increase pasture utilisation on the farm. This involved developing protocols for grazing at the 2-3 leaf stage, and plate metering the farm on a regular basis. While regular plate metering is no longer part of the routine, the knowledge that was developed through using this tool continues to assist them with grazing management decisions. Rotation length continues to be based on leaf stage. In 2012-13, 13.2 tonne DM/ha of pasture was utilised on the milking area.

Soil testing is conducted on a regular basis and a fertiliser plan is based on the results of the soil tests. This has resulted in less fertiliser being applied than during past periods when soil testing was not undertaken, which obviously reduces the cost of production.

Nitrogen is applied after each grazing at approximately 1 kg N/ha/day.

The milking area of the farm becomes very wet over winter, which causes pugging damage to the pasture during grazing. The recent construction of a feed pad will minimise this damage allowing Nigel and Rachael to restrict the time the cows are in paddocks and allows silage to be fed-out on the feed pad, also reducing wastage and avoiding damage to paddocks.

Cows

Nigel and Rachael have a Friesian herd – their aim is to have large, high producing animals. In 2012-13, the cows produced 546 kg MS/cow, which was 95% of their liveweight, and 2,099 kg MS/ha. They fed 1.7 tonne of grain and mineral mix per cow.

Nigel and Rachael no longer use calving inductions on their herd, and with the feed pad are now able to milk over winter, so are moving to a split calving pattern. They have a six week AI period in spring, followed by three weeks with the bulls in the herd. Any cows that do not become pregnant in this spring mating will be mated for calving in autumn.

To achieve large, high producing cows, Nigel and Rachael have a strong focus on young stock management. They rear about 250 calves each year but only keep approximately 150 calves for replacements, selling the surplus calves for additional income. All calves are collected from the paddock within 24 hours of birth and stomach tubed with colostrum. They are grouped in pens of 10 in a shed for about one week until they are drinking well, they are then moved outside (with shelter sheds) into pens of 30 and fed from a calfeteria. They have access to half a hectare of grass and are fed 1kg pellets per day. Calves are weaned at 12 weeks of age on to silage regrowth and continue to be fed pellets until the end of January when they are transitioned on to turnips. Young stock are

weighed on a monthly basis to ensure target growth rates are being achieved. The target mating weight is 340 kg and any heifer that does not reach this target is not mated. Nigel and Rachael are regular participants, and winners, at the Chudleigh Show heifer competition.

Summary

Nigel and Rachael are a good example of how analysis of a business, identification of profit drivers, and training – and the 'do it right' attitude – can result in a consistently top performing dairy business that is continuing to grow and improve.

Table 1: Performance Indicators, Nigel & Rachael Brock				
		2011-12	2012-13	Average all participants
Farm Details				
Milking area	Mha	190	190	186
Dairy run-off	ha	200	200	44
Effective area	eff ha	390	390	231
Milksolids	kg	340,065	398,793	232,381
Peak cows milked	cows	630	730	548
Labour used	FTE	4.4	5.8	3.7
Business Indicators				
Operating profit, EBIT	$	$835,878	$646,082	$296,170
Total income/ eff ha	$/eff ha	$5,360	$5,707	$5,670
Total income/ kg MS	$/kg MS	$6.15	$5.58	$5.50
Milk price/ kg MS	$/kg MS	$5.47	$5.16	$5.01
Operating costs excl finance/ eff ha	$/eff ha	$3,217	$4,050	$4,541
Operating costs excl finance/ kg MS	$/kg MS	$3.69	$3.96	$4.48
EBIT/ eff ha	$/eff ha	$2,143	$1,657	$1,129
Return on assets (EBIT/Av Assets Managed)	%	11.0%	7.9%	4.6%
Return on equity (EBT/Av Owners Equity)	%	12.6%	8.4%	3.4%
Productivity Ratios				
Milksolids per milking ha	kg MS/ M ha	1,790	2,099	1,248
Milksolids per effective ha	kg MS/eff ha	872	1,023	1,032
Milksolids per cow	kg MS/cow	540	546	420
Milksolids per cow as % of Lwt	kg MS/kg lwt	94%	95%	85%
Feed conversion efficiency	gm MS/kg DM	77	78	79
Stocking rate, cows/Mha	cows/Mha	3.3	3.8	3.0
Cows per full time equivalent	cows/FTE	144	126	146
Hours per cow	hours/cow	17	19	18
Replacement heifers as % of cows milked	%	12%	21%	25%
Feed Indicators				
Pasture & crop utilised - milking area	tDM/ Mha	12.4	13.2	10.0
Pasture & crop utilised - effective area	tDM/ eff ha	9.3	9.2	9.3
Effective area % irrigated	%	28%	28%	43%
Nitrogen use	kg N/ eff ha	243	na	142
Average purchased feed price	$/ t DM	$297	$349	$325
Pasture costs	$/ t DM	$66	$93	$92
Grazed pasture per cow*	t DM/ cow	4.6	4.3	3.5
Grain per cow*	t DM/ cow	1.5	1.7	1.2
Hay, silage & other feed per cow*	t DM/ cow	0.9	0.9	0.6
Total feed per cow*	t DM/ cow	7.0	7.0	5.3
Farm Assets - averages for the year				
Dairy assets incl leased land	$	$7,578,344	$8,136,161	$5,524,435
Assets per eff ha	$/ eff ha	$19,432	$20,862	$25,225
Assets per cow	$/cow	$12,029	$11,145	$10,678
Assets per kg milksolids	$/kg MS	$22	$20	$27
Liabilities per cow	$/cow			$3,171
Equity %	%			68%
Number of farms		1	1	34

*Feed used by cows and replacements divided by number of cows

Table 2: Financial Analysis, Total $, Nigel & Rachael Brock			
	2011-12	2012-13	Average all participants
Income			
Milk income (net)	$1,861,089	$2,055,841	$1,186,657
Livestock trading profit	$211,970	$196,909	$92,568
Feed inventory change	$71	-$30,058	-$234
All other income	$17,374	$3,000	$12,214
Total income	**$2,090,504**	**$2,225,692**	**$1,291,206**
Costs			
AI and herd test	$21,984	$19,533	$15,632
Animal health	$49,124	$48,607	$30,035
Calf rearing	$5,406	$0	$13,435
Shed Power	$32,375	$40,000	$26,877
Dairy Supplies	$25,546	$93,423	$14,837
Total shed & herd costs	**$134,435**	**$201,563**	**$100,816**
Feed Costs			
Fertiliser	$108,713	$170,476	$100,913
Irrigation (including effluent)	$34,278	$52,633	$36,958
Hay and silage making	$55,976	$35,016	$18,672
Fuel and oil	$26,280	$30,000	$20,432
Pasture improvement / cropping	$12,844	$46,714	$15,526
Other feed costs	$0	$0	$7,211
Fodder purchases	$0	$0	$23,711
Grain / Concentrates / Other	$319,666	$491,793	$266,955
Agistment costs	$0	$0	$55,169
Total feed costs	**$557,757**	**$826,632**	**$545,545**
Total Variable costs	**$692,192**	**$1,028,195**	**$646,362**
Overhead costs			
Rates	$5,823	$8,000	$9,645
Registration and Insurance	$1,620	$2,500	$3,502
Farm Insurance	$28,964	$20,000	$13,079
Repairs and Maintenance	$127,534	$105,760	$65,693
Bank Charges	$5,000	$5,000	$1,958
Other Overheads	$12,941	$15,000	$16,305
Employed People Cost	$226,052	$184,755	$135,123
Total cash overhead costs	**$407,934**	**$341,015**	**$245,305**
Non-cash overheads			
Depreciation	$70,000	$70,000	$22,809
Imputed people cost	$84,500	$140,400	$80,560
Total non-cash overheads	$154,500	$210,400	$103,369
Total overhead costs	**$562,434**	**$551,415**	**$348,674**
Total Costs	**$1,254,626**	**$1,579,610**	**$995,036**
Earnings Before Interest & Tax	**$835,878**	**$646,082**	**$296,170**
Interest and lease costs			$111,312
Net Profit			**$184,857**

Table 3: Financial Analysis - $ per kg Milksolids, Nigel & Rachael Brock				
		2011-12	2012-13	Average all participants
Income				
Milk income (net)	$/kgMS	$5.47	$5.16	$5.01
Livestock trading profit	$/kgMS	$0.62	$0.49	$0.41
Feed inventory change	$/kgMS	$0.00	-$0.08	-$0.00
All other income	$/kgMS	$0.05	$0.01	$0.07
Total income	**$/kgMS**	**$6.15**	**$5.58**	**$5.50**
Costs				
AI and herd test	$/kgMS	$0.06	$0.05	$0.06
Animal health	$/kgMS	$0.14	$0.12	$0.13
Calf rearing	$/kgMS	$0.02	$0.00	$0.05
Shed Power	$/kgMS	$0.10	$0.10	$0.13
Dairy Supplies	$/kgMS	$0.08	$0.23	$0.07
Total Herd & Shed Costs	**$/kgMS**	**$0.40**	**$0.51**	**$0.44**
Feed Costs				
Fertiliser	$/kgMS	$0.32	$0.43	$0.41
Irrigation (incl effluent)	$/kgMS	$0.10	$0.13	$0.16
Hay and silage making	$/kgMS	$0.16	$0.09	$0.09
Fuel and oil	$/kgMS	$0.08	$0.08	$0.09
Pastures & forage	$/kgMS	$0.04	$0.12	$0.07
Other feed costs	$/kgMS	$0.00	$0.00	$0.04
Fodder purchases	$/kgMS	$0.00	$0.00	$0.11
Grain / Conc / Other	$/kgMS	$0.94	$1.23	$1.07
Agistment costs	$/kgMS	$0.00	$0.00	$0.24
Total Feed Costs	**$/kgMS**	**$1.64**	**$2.07**	**$2.28**
Total Variable costs	**$/kgMS**	**$2.04**	**$2.58**	**$2.72**
Overhead costs				
Rates	$/kgMS	$0.02	$0.02	$0.05
Registration and Insurance	$/kgMS	$0.00	$0.01	$0.02
Farm Insurance	$/kgMS	$0.09	$0.05	$0.06
Repairs and Maintenance	$/kgMS	$0.38	$0.27	$0.30
Bank Charges	$/kgMS	$0.01	$0.01	$0.01
Other Overheads	$/kgMS	$0.04	$0.04	$0.08
Employed People Cost	$/kgMS	$0.66	$0.46	$0.55
Total cash overhead costs	**$/kgMS**	**$1.20**	**$0.86**	**$1.07**
Non-cash overheads				
Depreciation	$/kgMS	$0.21	$0.18	$0.11
Imputed people cost	$/kgMS	$0.25	$0.35	$0.57
Total non-cash overheads	**$/kgMS**	**$0.45**	**$0.53**	**$0.68**
Total Overhead costs	**$/kgMS**	**$1.65**	**$1.38**	**$1.75**
Total Costs	**$/kgMS**	**$3.69**	**$3.96**	**$4.48**
Earnings Before Int & Tax	**$/kgMS**	**$2.46**	**$1.62**	**$1.02**
Interest and lease costs	$/kgMS			$0.54
Net Profit	**$/kgMS**			**$0.49**

Table 4: Balance Sheet: Assets and Liabilities, excluding leased land					
	DBOY Winner				Average all participants
	2011-12	1-Jul-12	30-Jun-13	Average 2012-13	2012-13
Assets					
Current assets					
Livestock	$1,194,550	$1,206,400	$1,261,060	$1,233,730	$840,011
Feed	$78,794	$132,460	$102,402	$117,431	$27,576
Other	$0	$0	$0	$0	$28,307
Total current assets	**$1,273,344**	**$1,338,860**	**$1,363,462**	**$1,351,161**	**$904,056**
Non-current assets					
Land & buildings	$6,000,000	$6,500,000	$6,500,000	$6,500,000	$4,181,063
Plant & equipment	$305,000	$320,000	$250,000	$285,000	$225,728
Total non-current assets	**$6,305,000**	**$6,820,000**	**$6,750,000**	**$6,785,000**	**$4,440,968**
Total farm assets	**$7,578,344**	**$8,158,860**	**$8,113,462**	**$8,136,161**	**$5,345,024**
Per hectare				$20,862	$23,166
Per cow				$11,145	$9,750
Liabilities					
Total farm liabilities					**$1,601,676**
Per hectare					$6,942
Per cow					$3,171
Equity					
Assets - Liabilities					**$3,743,348**
Per hectare					$16,224
Per cow					$6,828
Percentage					70%

Judges' Comments 2014

Judges: Rob Frampton – Dairy Farmer and 2013 DBOY Award winner

Lesley Irvine – TIA Dairy Centre

The finalists for the 2014 ANZ Dairy Business of the Year Award were:

- Nigel and Rachael Brock, Montana
- Brian and Michele Lawrence, Meander
- Ken and Jill Lawrence, Osmaston
- Peter and Jo Jones, managers of Limberlost Dairy, Kayena

These finalists were selected from the Award entrants based on a point system calculated from Return on Assets (RoA) and Earnings Before Interest and Tax per hectare (EBIT/ha). Once the finalists were selected, the judges visited each property to discuss their benchmarking analysis and the management of their business to achieve the results. Finalists were awarded points based on their financial returns and management of their business, people, pasture, herd and environment. The finalist with the highest number of points, and winner of the 2014 ANZ Dairy Business of the Year Award was Nigel and Rachael Brock. We would like to congratulate Nigel and Rachael for not only their win this year but for their consistent performance in the Award over several years. We would also like to congratulate the other finalists in the Award for the positive management they showed, and the returns they achieved, in what was a very challenging season. It was a very close contest this year and all of the farms were deserving of being finalists.

Business Management

To manage their businesses, each of the finalists set annual budgets which were updated regularly throughout the season. Every finalist mentioned the importance of outside expertise and viewpoints to their business management. All the finalists worked with a consultant and also valued strong relationships with their accountant and banker. Regular participation in a benchmarking program was another key characteristic and all either participate in a business discussion group and/or work with their consultant to analyse their benchmarking results.

"We constantly review everything we do and look for ways to improve" said Brian Lawrence which summarised the attitude we noticed in each of the finalists.

People Management

Each of the finalists are managing large herds (730 cows to 940 cows) and all employed staff within the business. All finalists used a combination of full-time and casual staff. Two of the finalists had their

staff do a mixture of milking and 'outside the dairy' farm duties while the other two finalists chose to employ people to either exclusively or predominantly undertake the milk harvesting, and then other staff worked on the 'outside the dairy' farm duties.

A common theme when discussing people management on each of the farms was the importance of being flexible, within reason, with the roster to try and give people the time off that they need. One approach was simply to put a calendar up for each month and staff wrote in which days they would like to have off. Another commonality noticed was the importance placed on providing staff with the opportunity to undertake training to develop their skills.

Nigel and Rachael have in place employment contracts with their staff. To set these up, they met individually with each person and used that opportunity to discuss performance, aspirations and also seek feedback on their management. Brian and Michele Lawrence also undertake annual performance reviews with their team.

In the area of occupational health and safety (OH&S), all the finalists ensured that their staff had the appropriate training for common dairy farm operations such as quad bike training or ChemCert. Most also had in place an induction process for new staff and written procedures to follow in the dairy. Ken and Jill Lawrence ask staff to complete an incident report in the event of an incident and work with the staff member to improve safety for everyone by reducing the likelihood of the incident occurring again.

There seemed to be an increased emphasis on outlining to staff the expectations regarding behaviour at work and the importance of working as a team.

Pasture Management

Pasture management was important to each of the finalists. Peter and Jo Jones undertake a weekly farm walk and use the information for allocation and forward budgeting. While the other finalists did not undertake regular farm walks, they either had in the past and/or conduct irregular measurement of the pasture. Everyone had a target grazing residual below 1600 kg DM/ha and most set their rotation length based on the leaf stage of the ryegrass within the pasture.

Regular soil testing was undertaken on all of the farms and this information was used to determine the fertiliser to be applied, which for many has allowed them to reduce their fertiliser applications without impacting on pasture growth. All of the farms used nitrogen, generally in the order of 1 kg N/ha/day.

Each farm had at least 60% of the milking area irrigated and all used centre pivots as their main irrigation system. Most of the finalists had soil moisture monitoring equipment to help them efficiently utilise their water.

Herd Management

The breed of cow being milked varied across all the farms but each finalist had a very clear idea on what type of cow they wanted. Ken and Jill Lawrence milk predominantly Jersey cows and aim to have a cow that weighs 450 kg and is able to produce 450 kg of milksolids. Both Brian and Michele Lawrence and Peter and Jo Jones favour crossbred cows and use New Zealand genetics. Nigel and Rachael Brock's preference is to milk Friesians.

While the breed preference differed, there was no difference in the importance placed on young stock management with each finalist having an emphasis in their business on ensuring that heifers entering the milking herd were well grown and efficient producers. Nigel and Rachael Brock collect their calves from the paddock within 24 hours of birth and stomach-tube them with colostrum to make sure they have received the antibodies they need. Once the calves are weaned, they are weighed on a monthly basis in order to monitor growth rates and allow for timely adjustments to be made to feed allocation if the growth rates decrease below target. The target weight for mating is 340 kg and any heifers that don't reach this target are not mated.

Environmental Management

Good effluent management practices were in place on each of the farms, and as mentioned previously, all of the finalists conduct regular soil testing and base fertiliser decisions on the results.

With each farm using centre pivot irrigation, there were not many trees present on the milking platform but each finalist is in the process of planting trees around the perimeter of the pivot circles to provide shelter from wind and shade on hot days.

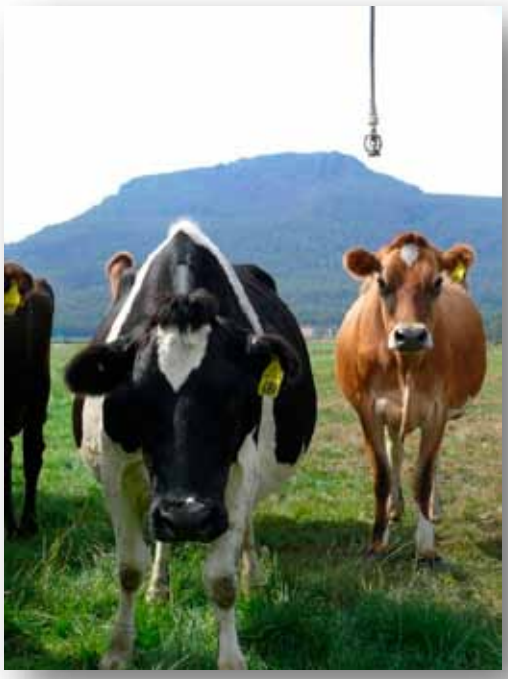
Some of the finalists were able to recycle their silage wrap, a solution they were very happy with.

**RoAM – Return on Assets Managed*

Runner-Up Profiles

Brian & Michele Lawrence

Brian and Michele own and manage a 435 effective hectare dairy farm in Meander, near Deloraine. The farm was converted to dairy in 2007 and consists of 250 hectare milking area, 90% of which is irrigated, with a 185 hectare run-off (grazing area only). In their first full season on the farm (2007-08), Brian and Michele milked 460 cows and have grown that to the 875 cows which they milked in the Award year plus 250 cows which they lease out. The herd is made-up of crossbred cows and New Zealand genetics are used in the breeding program. In 2012-13, the cows produced 456 kg MS/cow and 1,597 kg MS/ha. Brian and Michele employ three full-time staff and a casual milker. They value their employees and aim to structure the working hours and work days to suit the employees wherever possible. They have regular team meetings to keep everyone informed and involved and also have an annual review. Brian and Michele consider it their responsibility as resource managers to constantly review and improve all facets of their business for example: carbon mapping through ARM; participation in the Sustainable Dairy Farm Nutrient Management project; conducting an energy audit; and the use of an outside consultant. They believe this helps ensure a profitable business which utilises resources efficiently and operates sustainably. In 2012-13, Brian and Michele achieved a 7.7% RoAM and EBIT/ha of $2,555.



Runner-Up Profiles

Ken & Jill Lawrence

Ken and Jill own and manage a dairy farm at Osmaston, near Deloraine. In 2012-13 they milked 910 cows on a milking area of 236 hectares. They also utilise 266 hectares of dairy run-off. Ken and Jill wanted to set-up their farm so that they could consistently achieve 375,000 kg MS each year and so have invested in irrigation – 90% of the milking area is now irrigated. The herd is predominantly Jersey. Ken and Jill aim to breed a cow that is easy-care, 450 kg in liveweight and producing its liveweight in milksolids. In 2012-13, milk production was 424 kg MS/cow and 1,636 kg MS/ha. Young stock management is important to Ken and Jill and they make sure that calves are fed colostrum as soon as they are brought in to the shed, and then again later in the day. Calves are weaned from milk at approximately 80 kg but continue to be fed with muesli for 6-9 months to ensure that target weights are reached. In the Award year, Ken and Jill achieved a 6.5% RoAM and EBIT/ha of $2,664.

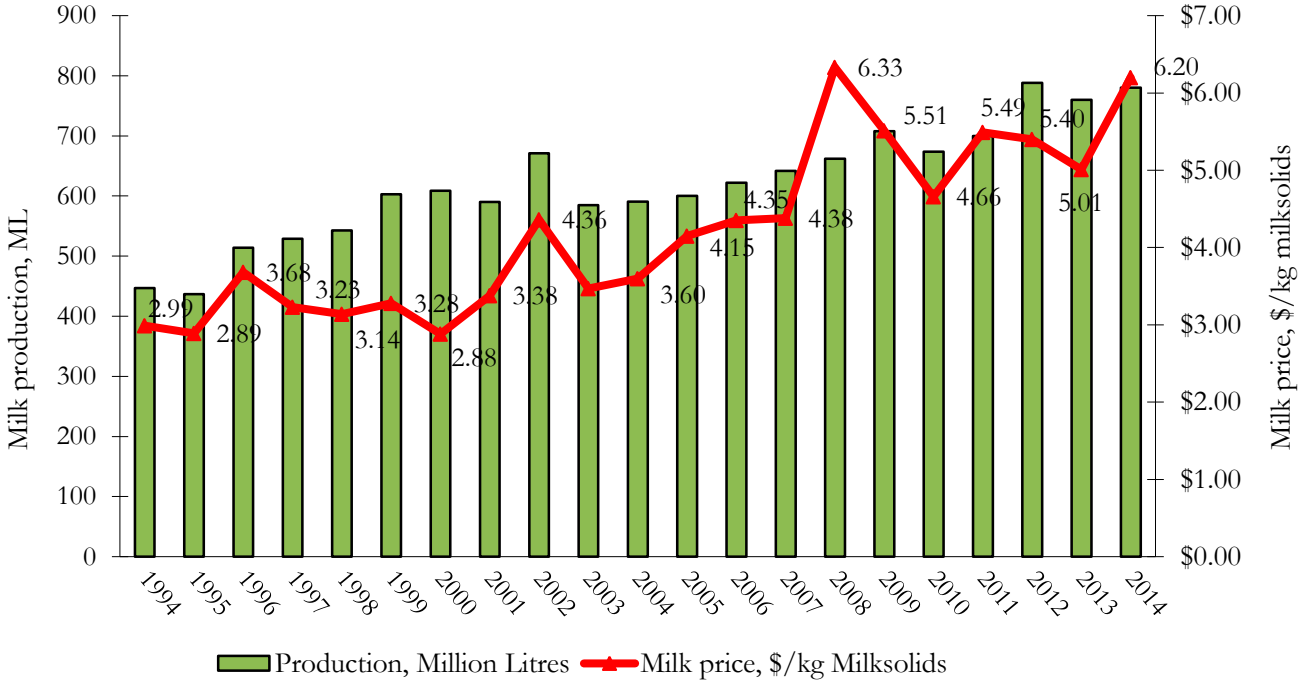
Peter & Jo Jones

Peter and Jo moved to Tasmania from the UK in June 2012 to take on the management of Limberlost Dairy, located alongside the Tamar River at Kayena, north of Exeter. Limberlost Dairy was converted to a dairy farm in 2007-08 and is owned by three equity partners. In the Award year, Peter and Jo were milking 730 cows on a milking area of 253 hectares, 70% of which is irrigated. The farm has a winter milk contract so all cows are calved in February-March. Pasture management is important to Peter and Jo and a weekly farm walk is undertaken to measure the pasture cover in each paddock. This information is then used to develop a feed wedge, monitor pasture growth rates, allocate feed and set-up budgets. In 2012-13, 10.3 tonne DM/ha of pasture was consumed on the farm with a nitrogen application rate of 249 kg N/ha. The cows are crossbred and New Zealand genetics are used in the breeding program. Milk production was 441 kg MS/cow and 1,274 kg MS/ha. Peter and Jo achieved a RoAM of 8.5% and EBIT/ha of $2,202.

Milk Production & Milk Price

Production for the state has grown from 413 million litres in 1993, to 760 million litres in 2013. This is an increase per annum of 3.1%. Production is predicted to increase further in the coming years, with the addition of a new milk factory, Tasmanian Dairy Products, in the state's north-west, and a strong increase in demand for milk production. The graph below shows the annual Tasmanian milk production and milk price for the 20 years to 2014, including an estimated milk production and milk price figure for 2014. While the general trend has been upwards in annual milk production, the chart demonstrates that there is a link between milk price and changes in milk supply. Increases in milk price tend to be associated with an increase in milk production and supply, and vice versa. This can be seen for 2012-13, where there was approximately a 10% reduction in milk price from the previous year. However, forecasts for the 2013-14 season look positive, with a forecast closing milk price of over $6.00/kg MS, and an overall increase in production to levels similar to 2012.

Figure 1: Tas milk production (ML) and milk price ($/kg milksolids) 1994 to 2014 est



Dairy Benchmarking

Introduction

Tasmanian dairy farmers have been able to submit their figures and benchmark their business performance for over 30 years. Since 2011, the Tasmanian Institute of Agriculture, through the support of Dairy Australia project funding, have been using software developed by the Victorian Department of Environment and Primary Industries as part of the Victorian Dairy Farm Monitor Project (DFMP). All information is analysed and reports produced using the DFMP software. Using this software has enabled comparisons to be made between Tasmanian and Victorian dairy farms.

Dairy Farms by Region

There were 34 farms that provided information about their farm business as part of the 2012-13 benchmarking program, with a relatively even spread of farms by region. The 34 farms entered milked an average of 548 cows, and are thus 60% larger than the average Tasmanian dairy herd of 367.

Herd Size

Table 5: Tasmanian dairy farms by region

Regions	Farms	% cows
King Island	15	3%
Circular Head	150	42%
Wynyard Waratah	36	7%
Burnie	12	1%
Central Coast	27	5%
Kentish	22	3%
Latrobe	6	1%
Meander Valley	72	16%
West Tamar	10	2%
North East	67	14%
Northern Midlands	12	3%
South	8	3%
Total farms	437	
Total cows	160,385	
Average herd size	367	

Source: TDIA dairy licence data February 2014

The average herd size for Tasmanian dairy farms has continued to increase, from 220 cows in 2002 to 367 in 2013. The continued increase in herd size suggests that farmers are deriving some benefit from increasing in farm size. Analysis of the benchmarking data over the last 6 years confirms that the larger farms tend to have a higher return on assets than smaller farms. However, there is a large amount of variation in return on assets for farms that are in the same herd size category, confirming that increasing herd and farm size is not linked directly with increased profitability. Figure 2 shows the average return on assets by herd size for the 6 years to 2013. This chart shows return on assets for the following herd sizes as:

- <200 cows 3.7%
- 201-350 cows 6.1%
- 351-500 cows 6.8%
- >500 cows 7.4%

In Figure 2, the horizontal line within each box is the average return on assets for that herd size category. The top and bottom lines of the boxes show the 75th and 25th percentile of farms respectively, and the small horizontal lines on the top and bottom of the vertical lines show the maximum and minimum of return on assets for farms in the corresponding category. As the chart illustrates, there is a large range of return on assets between farms with similar herd numbers, however the average return on assets increases as herd size increases. The chart also shows that the average return on assets for farms with less than 200 cows (RoA 3.7%) is substantially lower than the average return on assets for farms with over 500 cows (RoA 7.4%).

Figure 2: Return on Assets % vs. Herd Size, cows (2008-2013)

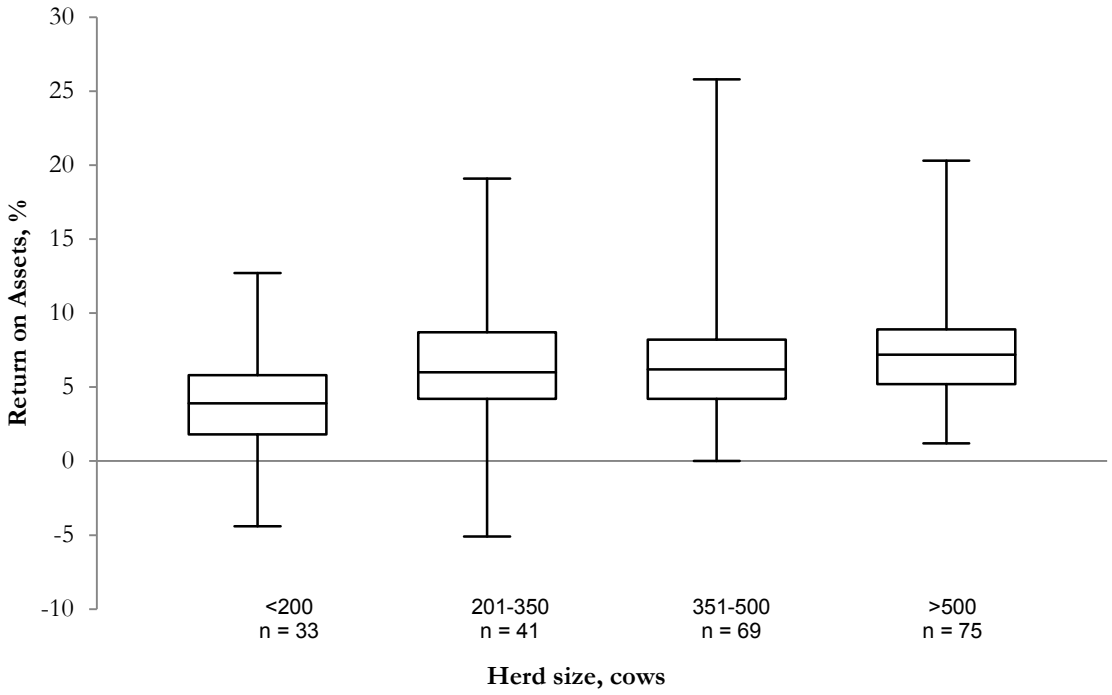
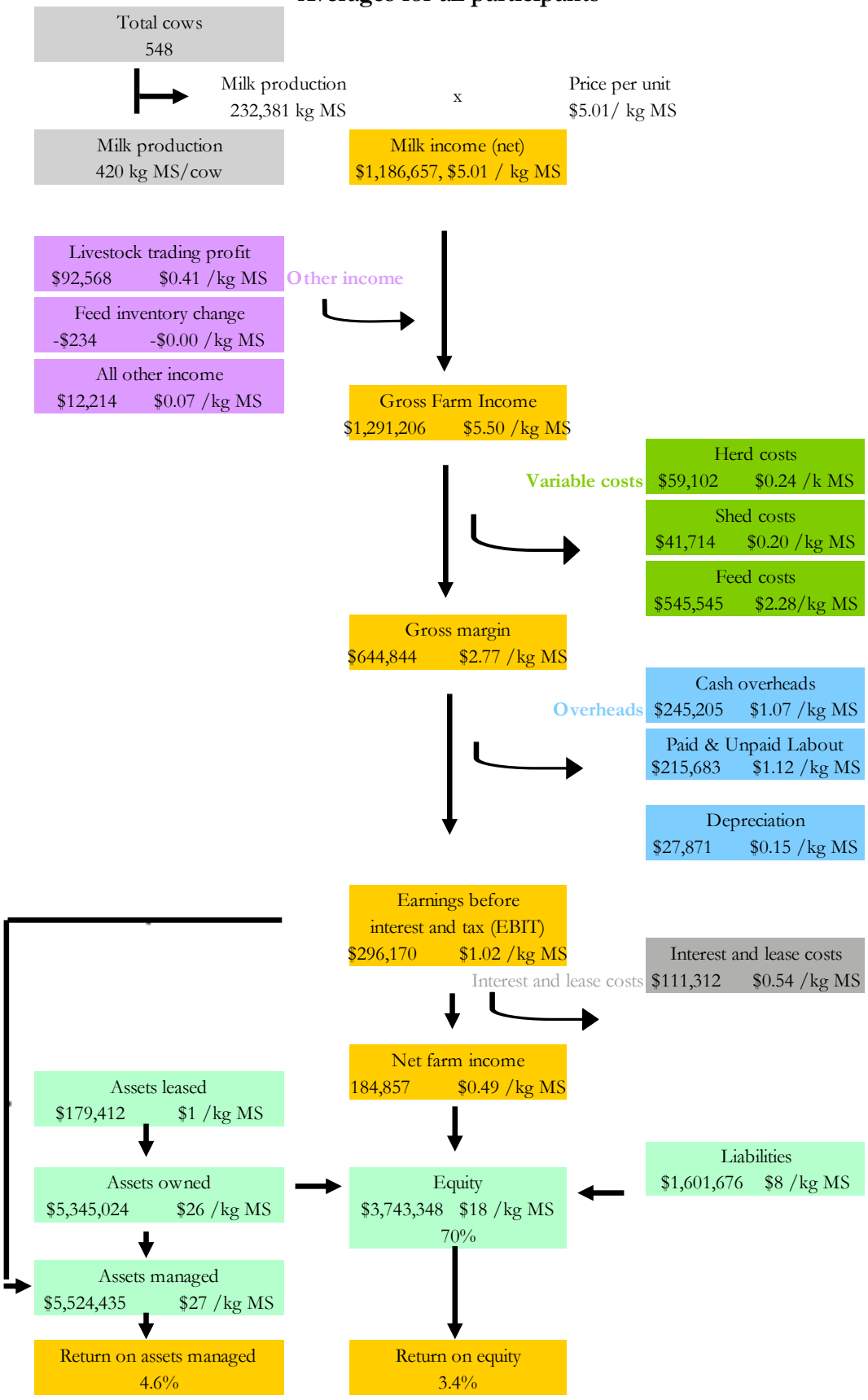


Table 6: Tasmanian Dairy Benchmarks

Averages for All Participants

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Key Performance Indicators										
Return on Assets, %	4.8%	7.9%	5.7%	4.6%	7.9%	6.1%	3.4%	7.2%	8.4%	4.6%
Operating Profit (EBIT), $	$86,985	$171,939	$174,626	$163,185	$385,024	$271,890	$172,525	$340,747	$462,923	$296,170
Farm Details										
Production, kg MS	108,767	129,653	142,701	151,646	171,995	187,360	157,637	173,714	218,651	232,381
Cows Milked, nos	294	335	364	400	466	484	404	415	514	548
Dairy Area, ha	178	192	206	220	239	236	204	206	233	186
Labour used, FTE	3.6	3.7	4.0	4.1	4.5	4.8	4.2	3.3	3.6	3.7
Irrigation, % area irrigated	28%	27%	24%	29%	32%	34%	38%	43%	38%	43%
Performance Indicators										
Milksolids, kg MS/ha	617	686	729	750	739	835	772	878	971	1032
Milksolids kg MS/cow	368	391	392	386	373	400	374	407	422	420
Heifers, % of cows milked	27%	26%	26%	27%	27%	25%	24%	26%	23%	25%
Stocking Rate, cows/ha	1.7	1.8	1.9	1.9	2.0	2.1	2.0	2.1	2.3	3.0
Pasture, kg DM/ eff ha	7,460	8,040	8,320	8,500	8,340	9,950	9,260	9,770	9,250	9,184
Grain intake, tonne/cow	0.57	0.72	0.82	0.87	0.92	0.94	0.89	1.04	1.17	1.33
Nitrogen, kg N/ha	115	151	163	156	212	201	173	157	140	142
Cows per FTE	82	89	90	97	105	105	94	120	137	126
Assets & Liabilities Owned										
Dairy Assets, $'000	$1,584	$2,172	$2,675	$3,471	$4,811	$5,040	$4,512	$4,658	$5,200	$5,345
Assets per ha, $/ha	$9,364	$11,436	$13,969	$16,924	$20,442	$22,094	$22,514	$22,661	$23,818	$23,166
Assets per cow, $/cow	$5,635	$6,482	$7,348	$9,186	$10,641	$10,949	$11,737	$11,220	$10,619	$9,750
Liabilities, $'000	$410	$484	$683	$944	$1,602	$1,560	$1,176	$1,351	$1,607	$1,602
Liabilities per cow, $	$1,314	$1,444	$1,876	$2,206	$3,346	$3,167	$3,306	$3,254	$3,370	$3,171
Equity, %	74%	78%	74%	73%	69%	70%	72%	70%	68%	70%
Income & Expenses per Ha										
Milk Income, $/ha	$2,233	$2,828	$3,206	$3,311	$4,732	$4,502	$3,561	$4,854	$5,257	$5,215
Total Income, $/ha	$2,418	$3,061	$3,413	$3,480	$4,938	$4,746	$3,861	$5,469	$5,985	$5,670
Animal Costs, $/ha	$208	$243	$249	$270	$299	$341	$311	$363	$417	$452
Feed Costs, $/ha	$853	$1,053	$1,248	$1,404	$1,878	$1,940	$1,441	$1,770	$1,940	$2,433
Labour, $/ha	$614	$587	$667	$723	$735	$824	$866	$948	$985	$1,047
Overheads, $/ha	$308	$352	$475	$515	$543	$597	$546	$652	$638	$554
Operating Costs, $/ha	$1,983	$2,236	$2,639	$2,911	$3,455	$3,701	$3,164	$3,734	$3,979	$4,541
EBIT, $/ha	$435	$825	$774	$569	$1,483	$1,046	$697	$1,735	$2,006	$1,129
Income & Expenses – per kg MS										
Milk Income, $/kg MS	$3.60	$4.15	$4.35	$4.39	$6.33	$5.50	$4.66	$5.51	$5.40	$5.01
Total Income, $/kg MS	$4.03	$4.64	$4.82	$4.64	$6.87	$6.01	$5.17	$6.24	$6.17	$5.50
Operating Costs, $/kg MS	$3.31	$3.37	$3.69	$3.81	$4.76	$4.53	$4.27	$4.26	$4.07	$4.48
EBIT, $/kg MS	$0.72	$1.27	$1.13	$0.83	$2.10	$1.48	$0.92	$1.98	$2.09	$1.02
Finance costs, $/kg MS	$0.29	$0.30	$0.39	$0.45	$0.63	$0.63	$0.75	$0.81	$0.66	$0.54
EBT, $/kg MS	$0.43	$0.97	$0.74	$0.38	$1.47	$0.85	$0.16	$1.17	$1.43	$0.49
Participants										
Numbers	50	40	35	36	46	40	33	40	27	34
As % of dairy farmers	9%	8%	7%	8%	10%	9%	8%	9%	6%	8%

Profit Map 2012-13
Averages for all participants



Regional Overview

Table 7 shows a comparison of physical farm information for Tasmania (average of the 34 participants in the benchmarking program), Victoria (average statewide), and the Victorian regions of Northern Victoria, South West Victoria and Gippsland. Average rainfall was higher for Tasmanian dairy regions than all Victorian regions, with Gippsland having the most similar conditions to Tasmania. This is one of the reasons Tasmania has a higher stocking rate (2.9 cows/ha compared to 1.6 for Vic), higher production per hectare ($1,266 compared to $777 for Vic), and higher pasture utilisation. Average herd size for Tasmania is also greater than Victoria (548 compared to 325 cows), which accounts for the higher average labour productivity for Tasmania. The average milk price for Tasmanian benchmarking participants ($5.01/kg MS) was higher than that for most Victorian regions, with the exception of Northern Vic at $5.07/kg MS.

Table 7: Farm Physical Data for Dairy Regions

Farm Physical Parameters	TAS	VIC	Northern Vic	South West Vic	Gippsland
Number of farms in sample	34	74	24	25	25
Herd size (no. cows)	548	325	307	369	299
Annual rainfall 20012/13	878	589	350	638	770
Water used (irrigation + rainfall) (mm/ha)	1,146	819	909	647	906
Total useable area (ha)	231	234	198	308	194
Stocking rate (milking cows per hectare)	2.9	1.6	1.8	1.2	1.7
Milk sold (kg MS/cow)	420	496	520	506	462
Milk sold (kg MS/ha)	1,266	777	955	601	781
Milk price received ($/kg MS)	$5.01	$4.90	$5.05	$4.90	$4.75
People productivity (milkers / FTE)	146	100	109	91	99
People productivity (kg MS / FTE)	63,982	49,776	56,672	46,885	46,047

Farm Income

Table 8 shows the average farm income and costs for the 34 participants in the Tasmanian benchmarking, compared to Victorian regions. In Tasmania and Victoria, total income was lower in 2012-13 than 2011-12, due to a drop in milk price (2011-12, $6.17/kg MS for Tas and $5.97/kg MS for Vic; 2012-13, $5.01/kg MS for Tas and $4.90/kg MS for Vic), and a decline in other income including livestock trading profit.

Operating Costs

Table 8 also shows a comparison of operating costs between Tasmania and the Victorian regions. Total operating costs for the Tasmanian farms participating in the benchmarking were lower than those for all Victorian regions and Victoria as a whole, at $4.47/kg MS compared to $5.16/kg MS for Victoria. This difference is largely due to the lower cost of purchased feed and agistment for Tasmanian farms, at $1.42/kg MS compared to $1.70/kg MS for Victoria. Total overhead costs were also lower for

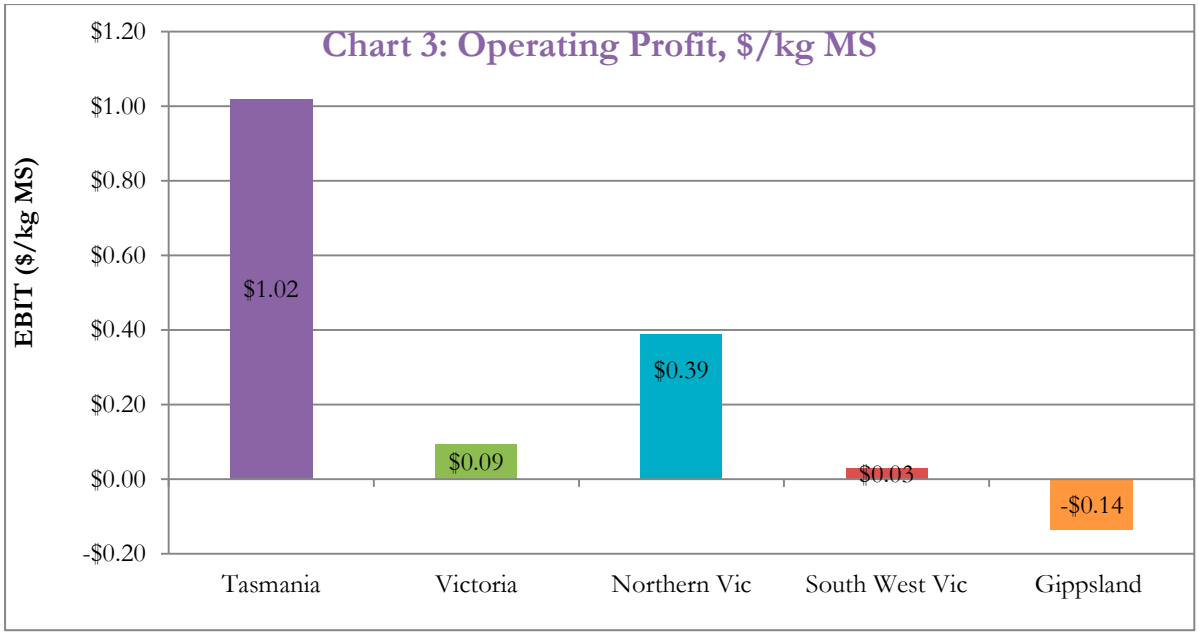
Tasmania, largely due to a higher labour productivity and associated lower labour cost per kg MS compared to Victoria.

Table 8: Income and Costs by Region, $/kg MS

Farm costs, $/kg MS	TAS	VIC	Northern Vic	South West Vic	Gippsland
INCOME					
Feed inventory change	$0.00	$0.07	$0.00	-$0.06	-$0.16
Other farm income	$0.07	$0.08	$0.08	$0.05	$0.12
Livestock trading profit	$0.41	$0.35	$0.41	$0.35	$0.28
Milk income (net)	$5.01	$4.90	$5.05	$4.90	$4.75
Total income	$5.50	$5.25	$5.53	$5.24	$4.99
VARIABLE COSTS					
Shed cost	$0.20	$0.22	$0.24	$0.21	$0.22
Herd cost	$0.24	$0.27	$0.25	$0.24	$0.31
Home grown feed cost	$0.86	$0.89	$1.08	$0.80	$0.79
Purchased feed and agistment	$1.42	$1.70	$1.77	$1.80	$1.53
Total variable costs	$2.72	$3.08	$3.34	$3.06	$2.85
OVERHEAD COSTS					
All other overheads	$0.22	$0.25	$0.23	$0.27	$0.26
Repairs and maintenance	$0.30	$0.31	$0.27	$0.30	$0.36
Depreciation	$0.18	$0.19	$0.18	$0.19	$0.20
Employed labour	$0.55	$0.43	$0.44	$0.38	$0.47
Imputed labour	$0.57	$0.90	$0.68	$1.01	$0.99
Total overhead costs	$1.75	$2.08	$1.81	$2.15	$2.28
Total operating costs, $/kg MS	$4.47	$5.16	$5.15	$5.21	$5.13
EBIT, $/kg MS	$1.02	$0.09	$0.39	$0.03	-$0.14

Earnings Before Interest & Tax (EBIT)

When assessing whole farm business performance, EBIT is used to analyse individual farms and compare different farms. EBIT excludes interest and lease costs, so it is also equivalent to the profit that would be achieved at 100% equity. A fall in milk price for the 2012-13 season saw a decline in EBIT/kg MS for participants in the Tasmanian benchmarking and also farms in Victoria. Average EBIT/kg MS for Tasmanian farms for 2012-13 was $01.02/kg MS, compared to $2.09/kg MS the previous season (see Figure 3). Victorian farms EBIT/kgMS also decreased, from $1.14 in 2011-12 to $0.09 for 2012-13.



Return on Assets & Equity

Return on Assets (RoA) is EBIT expressed as a percentage of total farm assets, and is thus an indicator of the earning power of total assets, irrespective of capital structure. RoA can also be used as an indicator of the overall efficiency of use of the resources that are involved in the production system and can be compared with the returns achieved elsewhere in the economy. In the Tasmanian benchmarking, the Return on Assets Managed (RoAM) is used, as it takes into account leased land as an asset in the farming business. RoAM is also referred to as Return on Capital.

Return on equity is the net farm income (EBIT less interest and lease charges) expressed as a percentage of the owners' equity, and is a measure of the owners' rate of return on their investment. Items not accounted for in net farm income are loan principle repayments and tax.

The average RoA for the Tasmanian dairy farms in the benchmarking was 4.6%, which is higher than the state average for Victoria (Table 9). However, due to a reduction in milk price coupled with a challenging season, Tasmania and all Victorian regions had a reduction in return on assets and equity in 2012-13 compared with the previous season. Tasmanian farms also had a higher return on equity than Victorian farms, however all regions again saw a decline in return on equity compared to 2011-12.

Table 9: Return on assets and equity by region (%)

	TAS	VIC	Northern Vic	South West Vic	Gippsland
Return on assets	4.6%	0.9%	2.7%	0.2%	-0.2%
Return on equity	3.4%	-7.0%	-1.5%	-12.7%	-6.2%

Risk

Table 10 presents the risk indicators for Tasmanian and Victorian dairy farm businesses. The percentage of purchased feed indicates the sensitivity of the business to changes in the price of imported feed. In Tasmania, an average of 28% of the feed (as a percentage of total ME or energy) is imported, compared to 44% for Victoria. In Victoria, concentrates make up 31% of the cows' diet, compared to 24% in Tasmania.

Debt per cow is frequently used as a risk indicator in the dairy industry, with the average debt per cow reflected in the debt servicing ratio. The higher the debt per cow, the higher the debt servicing ratio. Tasmanian farms had a slightly lower debt per cow, and a lower debt servicing ratio, than Victorian farms. The South Western Victorian farms in particular tend to be more at risk in terms of profitability due to a higher debt per cow and high debt servicing ratio.

Table 10: Risk Indicators by Region

	TAS	VIC	Northern Vic	South West Vic	Gippsland
Debt service ratio (finance costs as % of income)	9.7	13%	10%	15%	15%
Debt per cow	$3,171	$3,937	$3,520	$4,605	$3,669
Equity percentage (ownership of total assets managed)	70%	61%	56%	59%	67%
Percentage of feed imported (as a % of total ME)	28%	44%	47%	47%	38%

Pasture Utilisation

Figure 3 illustrates the average estimated home grown feed production per hectare, calculated using the pasture consumption calculator developed by Dairy Australia. Pasture utilisation was greater for Tasmanian farms than Victorian farms, with 10.1 tDM/ha compared with 7.4 tDM/ha for Victoria. Victorian farms conserve a larger amount of pasture as silage and hay, which also comes at an additional cost.

In 2012-13, central north Tasmania had the highest average pasture utilisation (Table 11). The highest average feed costs occurred in north west Tasmania with more being spent on fertiliser and agistment in particular.

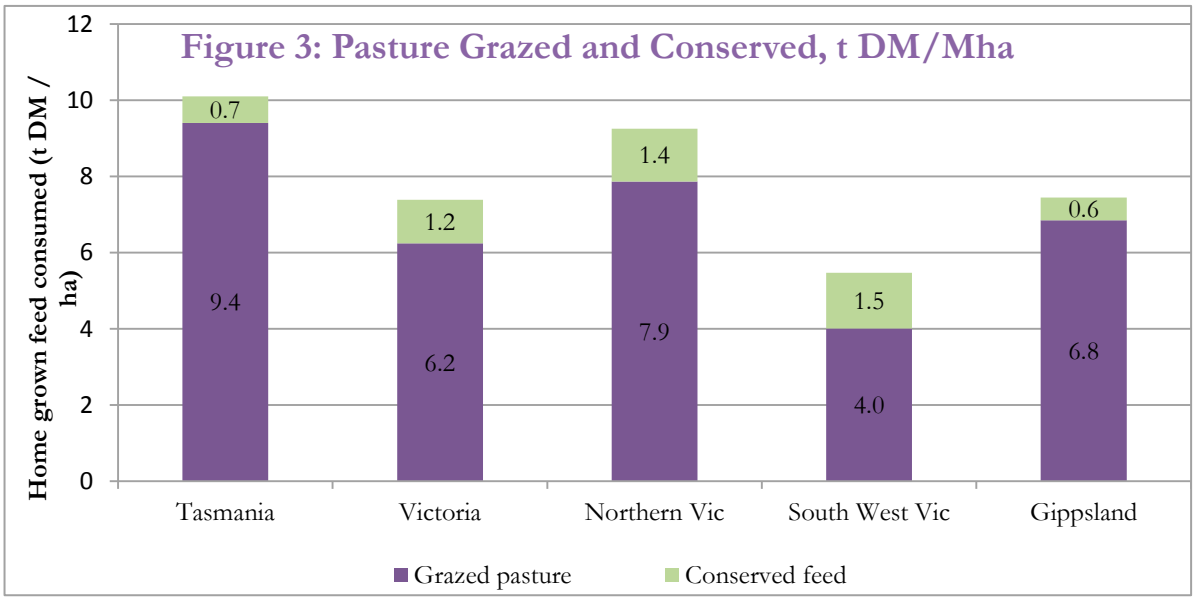


Table 11: Average Tasmanian Pasture Utilisation (t DM/eff ha) and Feed Costs($/eff ha) by Region

	CN	NW	NE	State
Costs ($/ha)				
Fertiliser	$404	$503	$329	$421
Irrigation	$163	$111	$222	$158
Hay & Silage Making	$95	$65	$86	$84
Pasture Improvements, Cropping	$51	$110	$47	$69
Fodder Purchases	$115	$130	$121	$121
Grain, Supplements	$1,169	$1,263	$1,079	$1,181
Agistment	$246	$405	$120	$271
Total Feed Costs ($/ha)	**$2,243**	**$2,587**	**$2,005**	**$2,305**
Pasture Utilisation (t DM/ha)	**9.5**	**9.2**	**8.8**	**9.3**

2014 Share Dairy Farmer of the Year Award Winners – Ben & Jodie Popowski, share farming for Bradley Watson

Key management factors:

- Communication with staff *'As long as everyone is happy, that's the main thing'*
- Trying to keep the system as simple as possible to make management easier
- Maintaining good work and life balance for them and their staff
- Keeping good records for monitoring and easier decision making

Background

Ben and Jodie, both from Smithton, have been dairy farming in Tasmania for 9 years. Having spent time working on farms, Ben had decided he wanted to head into farming, when he met Jodie. Jodie's parents were sharefarming on a dairy property, which first sparked his interest in dairy farming. In 1998 Ben took a job on a dairy farm where he worked for 2 years, before moving to work for Grant Innes, on the farm they are currently sharefarming. In 2001 they started their first lower order sharefarming position at Menga where they stayed for another 2 years, before moving to a bigger dairy farm at Natone. They spent 6 months here before they became burnt out and decided to have a break from dairy farming. They then returned to the industry in 2005, after being contacted by Grant Innes and asked if they would return to work for him. After another 2 years the farm was sold to Bradley Watson, where they moved onto a 50:50 sharefarming agreement in 2007. They were milking 400 cows at the time, and over the next 12 months increased herd size to 750 cows. Currently they milk 800 spring cows, with another 60 autumn cows, on a 265ha milking area, with 60% irrigated.

One of their key aims when starting on a 50:50 share arrangement was to get things to a point where they were able to achieve a good work and life balance. The break from dairy farming made them realise the importance of having a good lifestyle, and they recognised the opportunities dairy farming offered from a lifestyle and financial perspective. Since being involved in the industry, Ben has been involved in a number of discussion groups, training courses (such as pasture management), and is still involved in groups such as the Young Dairy Network Tasmania and other business and feedbase discussion groups run by TIA.

Ben and Jodie place importance on having time off to spend outside the dairy farm,

and encourage their staff to take time off to maintain a healthy lifestyle and work balance.

They have also incorporated their staff into the business, leasing 100 cows off one of their current workers. Ben also helps with the milking to take pressure off staff and give them a break from the milking shed. They also encourage staff to attend courses and groups with them, and involve them in on farm decisions. A large emphasis is placed on stock management. This includes raising extra calves, as they like having an asset in cows, and having calves available for sale, on local and export markets, as an opportunity to generate surplus cash. They also milk a small number of autumn cows in order to top the vat up in a time when milk production is traditionally declining.

Performance Indicators – B&J Popowski

Key Performance Indicators

Farm Details	**2012-13**
Milking area, ha	265
Effective area, ha	265
Production, kg MS	346,816
Peak cows milked	840
Labour used, FTE	3.9
Business Indicators	
EBIT, $	$349,052
Return on Assets, %	25.7%
Productivity Ratios	
Kg MS/milking ha	1,309
Kg MS/cow	413
Stocking rate, cows/ha	3.2
Cows per FTE	216
Hours/cow	11
Replacement heifers, % of cows milked	24%

Secondary Performance Indicators

Feed Indicators	
Pasture and crop utilised, milking area	10.5
Irrigation, % milking area	60%
Nitrogen, units kg N/ha	287
Pasture costs, $/t DM	$37
Grain per cow, t DM/cow	1.4
Farm Assets	
Total dairy assets, $	$1,360,560

2014 Share Dairy Farmer of the Year Judges Report

This year the Share Dairy Farmer of the Year competition was judged by Alison Hall, TIA Dairy Centre Extension Officer, Troy Franks, Fonterra Milk Supply Officer, and Wayne Huisman, sharefarmer and past DBOY winner. It was pleasing and encouraging to see a rise in entrants for this award this year, with 5 sharefarmer entrants. Four of the entrants were from the north west of the state, with the fifth from the central region. As judges we enjoyed visiting the two finalists' farms, and seeing firsthand the high level of management abilities both finalists demonstrated.

Both the finalists share-farm under 50:50 arrangements, enabling us to compare their farms on profitability measures in addition to physical aspects of the farm, such as pasture production and management, staff management, and attitude towards dairying. The finalists were scored against a number of farm performance and management categories using a standard scoring system. Each visit included a farm tour to assess the physical aspects of management, including pasture and herd management. There was also the opportunity to discuss the farm business, their background and progression through to sharefarming, and their aspirations and attitudes towards the dairy industry. We also discussed their staff management and communication, and farm occupational health and safety. These criteria were also backed up by the financial performance for the finalists for the 2012-13 season.

Financial

In assessing the financial performance of the farms, we considered the profitability of the business, equity growth achieved by the entrants and also their general financial and business management. As both finalists were 50:50 sharefarmers this year, we were able to compare and analyse KPI's including return on assets, EBIT (per hectare and per kg MS), income/labour unit and cows/labour unit. We really appreciated the finalists' willingness to share their information on their farm business, and the opportunity this gave us to discuss the business in some depth. Both finalists demonstrated a keen desire to continue to grow their business and asset base. Ben and Jodie performed particularly well in this section, having made the most out of opportunities to continue to grow their equity and business, in addition to performing strongly in their labour use and related costs. Their return on assets is of particular note, given the difficulty of the 2012-13 season.

Physical

In assessing the physical performance of the farms, we looked at the pasture management knowledge and skills of the finalists, how well they used the farm resources, and their environmental management. Both finalists showed a solid understanding of pasture management principles, and both had undertaken some form of training in this area. This was a particular strength area of Leigh and Kellie, with a strong pasture utilisation of 10.4 tDM/ha on a dryland farm. Leigh and Kellie also performed well in the area of environmental management, with the use of regular soil testing.

Attitude

Both finalists demonstrated an excellent attitude towards dairy farming and the industry in general, with a great level of support of others in the industry and encouragement of sharefarming. We also looked at their involvement in the industry, future in the industry, and relationship with staff and farm owners. Both finalists worked well with the owners, demonstrating a high level of trust, reflected in the confidence of the finalists in managing the daily running of the farm and business, without the necessity of regular input by the farm owners. Particular mention was noted of the high degree of industry involvement of both finalists, and is something we would like to see emulated throughout the industry.

Herd Management

In this section we assessed both management of mature cows and young stock, including animal health. Both finalists demonstrated a high level of understanding when it came to stock management, and recognised the importance of managing and rearing young stock to their business, placing a high level of emphasis on animal health, management and breeding. Ben and Jodie performed well in this area. They use a computer based monitoring system in the dairy, which all staff are trained to enter details about a cow's health and treatments. Feed is allocated on a cow liveweight basis.

Staff Management

Both finalists were aware of the importance of good staff management to their business. Ben and Jodie place a high importance on staff having a good work:life balance, ensuring all staff have four weeks off each year. They also place a large emphasis on staff communication, including their staff in discussions on farm and business related decisions, and encouraging involvement in industry activities. We would still like to see a more structured approach to hiring staff and performance management, despite an overall willingness to support and encourage staff development.

Occupational Health & Safety

Leigh and Kellie performed well in this section, leading by example and ensuring all staff adhere to their OH&S standards, including wearing of helmets and adequate signage around the farm and dairy. We would like to see a greater awareness of

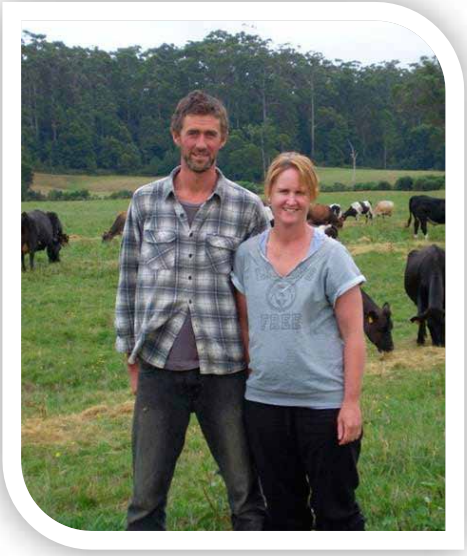
health and safety risks outlined on farms and their associated importance, and a more formal approach to staff induction regarding OH&S.

Conclusion

It was very encouraging to see an increase in number of sharefarmers entering the award this year. All entrants demonstrated a clear ability to manage dairy farms, with strong performance indicators including financial performance. It was a privilege to visit the finalists' farms and hear about how they have progressed in the industry and encourage others to do so, and seeing how some of the best sharefarmers are performing. We were impressed with the attitude and passion of the finalists towards dairy farming, and their performance in the award, despite having faced a difficult season. We believe having an increased number of participants in the award for this year is a reflection of not only those who are wanting to progress, but is also a stimulus for further development in the industry. The judges would like to stress how close the finalists were in the judging this year, there was only one point separating the businesses. We would like to congratulate Ben and Jodie as winners, and Leigh and Kellie as close runners-up, on a great achievement and impressive results, and hope these results will encourage others to participate in the future.

Runners-Up Profile

Leigh & Kellie Schuuring



Leigh and Kellie share-farm on a property owned by Grant and Kim Archer, at Mella, near Smithton. Leigh and Kellie have been sharefarming on the property for 4 years, having previously sharefarmed for VDL at Togari and Monquil at lower Scotchtown.

While at Togari they started rearing their own stock, with 80 calves each year. Their focus was to put all their money into stock to build up their own asset. When they started sharefarming at Mella, they were milking 600 cows and leasing another 300 from Grant and Kim. The focus was still on rearing all their own stock, enabling them to give back these cows by the end of their second year. They currently aim to rear 33% replacements for the herd each year.

Leigh and Kellie have been finalists for the past 2 years in the Dairy Business of the Year Award, and finalists in the sharefarming award this year. They have been growing cow numbers, currently milking 950, up from 930 last season. The herd is cross-bred, calving mainly in spring with a small percentage calving in autumn, with the plan to move to all spring calving this season (2013-14). The milking area is 293 ha with no irrigation.

Notes

Table 12: Performance Indicators for All Participants

Ranked by Return on Assets %

	Eff ha	% irrigated	Cows milked	Labour	Pasture used	Milksolids production		Milk price	COP excl interest	EBIT	Assets owned & leased	Return on assets	Return on equity
	ha	%	nos	cows/ FTE	kg DM/Mha	kg MS/Mha	kg MS/cow	$/kg MS	$/kg MS	$/Mha	$/Mha	%	%
1	253	71%	730	233	10,288	1,274	441	$5.62	$4.48	$2,202	$25,996	8.5%	9.7%
2	435	53%	875	213	12,443	1,597	456	$5.11	$3.55	$2,756	$33,166	8.3%	11.3%
3	502	42%	910	156	10,991	1,636	424	$4.88	$3.74	$2,914	$35,891	8.1%	13.1%
4	390	28%	730	126	13,230	2,099	546	$5.16	$3.96	$3,400	$42,822	7.9%	8.4%
5	291	76%	940	187	11,870	1,573	428	$5.00	$4.03	$2,223	$28,558	7.8%	7.8%
6	275	56%	910	188	20,176	1,672	487	$2.62	$2.44	$1,885	$25,298	7.3%	7.6%
7	79	54%	210	93	15,917	2,349	559	$5.19	$4.42	$2,855	$44,213	6.5%	6.5%
8	105	0%	390	230	10,198	1,404	378	$4.70	$3.82	$1,620	$26,119	6.2%	6.4%
9	199	80%	481	84	13,794	2,385	615	$4.99	$4.44	$2,336	$38,973	6.0%	6.2%
10	176	98%	697	134	13,897	1,521	384	$5.15	$4.29	$2,100	$35,122	6.0%	6.0%
11	110	48%	320	189	8,397	1,119	385	$5.38	$4.58	$1,244	$22,209	5.6%	5.5%
12	195	45%	423	113	8,597	972	358	$4.73	$4.10	$1,598	$28,446	5.5%	0.4%
13	240	13%	900	153	10,689	1,622	433	$5.62	$4.78	$1,794	$33,186	5.4%	2.4%
14	255	47%	680	152	10,313	1,176	415	$5.47	$4.57	$1,389	$26,530	5.2%	5.0%
15	330	30%	440	122	5,924	591	379	$5.07	$4.25	$990	$19,431	5.1%	5.1%
16	279	43%	385	169	8,772	1,052	443	$4.86	$3.64	$1,643	$33,235	4.9%	4.4%
17	174	57%	387	125	10,230	1,052	400	$4.92	$3.75	$1,655	$34,546	4.8%	2.8%
18	128	21%	298	155	8,908	1,310	365	$4.74	$4.27	$1,611	$34,360	4.7%	2.0%
19	281	0%	940	196	10,410	1,304	390	$4.87	$4.46	$1,216	$28,087	4.3%	3.5%
20	190	12%	538	172	8,462	1,065	376	$4.74	$4.29	$887	$22,037	4.0%	3.1%
21	176	37%	451	174	9,409	835	287	$4.56	$3.72	$1,131	$28,672	3.9%	3.7%
22	248	65%	460	85	12,278	1,595	624	$5.84	$5.50	$1,792	$47,973	3.7%	4.0%
23	185	49%	415	134	8,194	1,798	585	$5.19	$5.43	$1,453	$39,585	3.7%	1.6%
24	150	67%	465	148	13,750	1,430	461	$4.94	$4.49	$1,196	$38,849	3.1%	-0.4%
25	226	31%	296	94	7,996	737	373	$5.51	$5.90	$923	$31,338	2.9%	3.2%
26	55	73%	168	164	7,893	978	320	$4.52	$3.16	$660	$27,233	2.4%	2.4%
27	83	31%	210	86	9,809	1,119	442	$4.49	$4.43	$605	$28,506	2.1%	-1.9%
28	142	46%	396	134	8,059	907	325	$4.63	$4.59	$294	$16,920	1.7%	0.0%
29	451	16%	1,000	164	7,616	836	334	$4.03	$4.14	$370	$22,795	1.6%	-8.8%
30	430	47%	900	161	11,719	1,473	491	$5.04	$4.98	$475	$31,083	1.5%	0.5%
31	88	0%	154	101	7,372	706	404	$4.64	$5.42	-$33	$22,148	-0.1%	-5.5%
32	92	33%	150	92	9,358	632	341	$4.55	$5.17	-$411	$20,498	-2.0%	-2.8%
33	293	12%	161	53	14,286	874	209	$4.79	$7.70	$1,929	$65,087	-3.0%	-22.1%
Av	227	42%	528	145	10,644	1294	420	$4.90	$4.44	$1,359	$31,482	4.4%	2.8%

Note: Performance indicators in above table are calculated on a per milking ha (Mha) basis while in the body of the report these indicators are expressed per effective ha.
The data presented in this table may not reflect averages presented elsewhere in this booklet, as not all farms that entered their information have been included in this table. Please note, however, that the exclusion of these farms has had minimal impact on the figures presented.

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