



The industry, the farm, and the people. Who will own our dairy farms in the future?

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2. Executive Summary

Dairy farming in New Zealand has undergone rapid growth over the last two decades. Land values have increased. This increase in value is making it difficult for progression to ownership for many who are still in the industry. The total number of available sharemilking positions has been steadily decreasing, with an increase in owner operators choosing to employ Contract Milkers to run their farms. To reach the goal of dairy farm ownership, those in the industry are becoming creative around the pathway they choose for progression.

What has not changed during this growth of the industry are the people. Those who reach the goal of dairy farm ownership have key characteristics in common and when these characteristics are examined, they become keys to success.

For this study, rural professionals were interviewed, in a semi-structured format. These rural professionals were from reputable farm advisory firms and rural banks. There were four farm advisors interviewed and four rural banks, each giving their professional opinion on the progression to dairy farm ownership. A thematic analysis was then done on the results. Four dairy farmers were interviewed, using semi-structured interviews. These dairy farmers had progressed to dairy farm ownership in the previous five years, all using different methods of progression. The results from these interviews were analysed with a thematic methodology. Results from the rural professionals' and farmers' analysis were compared and contrasted, to ascertain the common links.

Those who have reached the goal of dairy farm ownership in the last five years have all exhibited:

- Determination
- Respectable reputations
- Sound financial ability
- Knowledgeable and knowledge seeking
- Been a part of a strong team

The pathway that they undertook to reach the goal of ownership differed between all the farmers. The pathway chosen was what was best suited their individual circumstance, rather than taking the pathway that the prior generation had travelled.

Recommendations for those who are starting out in the New Zealand dairy industry, with the aspiration to own a dairy farm, are:

- Stay focussed on your goal of dairy farm ownership
- Be good with your money. If you do not know how then learn to be.
- Maintain a good reputation
- Knowledge is power, always take opportunities to learn

"You can't solve today's problems with yesterday's solutions"

3. Introduction

The reason for choosing this topic was the personal involvement in the Dairy Industry for over ten years. During these years there have been observations of the dairy industry having highs and lows and I have experienced those waves from within. The future of dairy farming in New Zealand is dependent on the future generation. What we do now affects that future: The size of the dairy farms we create, the land changes we make with environmental impacts and most importantly, the people we recruit into the industry. Those who will own our farms in the future may not even be in the industry yet, or they could be those who start at the beginning as a farm assistant with goals to work their way up the ladder to dairy farm ownership.

What does dairy farm ownership mean? Is there a method of progression that will work for all those who undertake it? Who will be owning our dairy farms? There are many questions that come to mind envisaging what an average New Zealand dairy farm may look like in the future. My intention was to research those who have progressed to dairy farm ownership. This research was to ascertain if there were any common traits that would show as indicators to their success. Identified indicators could then be conveyed to those who are new to the dairy industry in New Zealand who intend on pursuing dairy farm ownership. How the New Zealand Dairy industry has evolved over the years has impacted the progression pathways.

The catalyst to these changes has been the worldwide supply and demand of dairy and its products. The New Zealand dairy industry supplies 3% of the world's milk, ranked sixth in the world for milk production ("Dairy Companies Association of New Zealand", n.d.). 3% sounds small, but from a country that is 37 times smaller than The United States of America and 12 times smaller in land mass than the leading milk producers of India, who produced 191,000 Million Metric Tons in 2019 ("Knoema Enterprise Data Solutions", 2020). This 3% ranking speaks volumes for our productivity. 2019 saw New Zealand's dairy products export value reach 19 billion dollars (www.statista.com 2020). The revenue generated from our exports is vital to our economy. 95% of our milk produced in New Zealand is exported out ("Dairy Companies Association of New Zealand", n.d.). To me, this shows how important the dairy industry is to New Zealand.

The New Zealand Dairy Industry has had highs and lows over the past 10 years. The highs have been high milk price, high market cow prices and high land values. The lows have been, low milk price, increasing costs in the farming business and the outbreak of Mycoplasma bovis in the South Island of New Zealand in 2017. The development that has been undertaken during the high periods has seen many farms change by increasing cow numbers, investing in larger infrastructure and farm owners retaining ownership of the cow herds, which in turn saw the reduction in herd owning sharemilking positions. Dairy farm land values have increased by 14% over a decade (2018-19 New Zealand Dairy Statistics). During the low milk price periods, many experienced professionals left the industry to seek careers that had more stable returns or a less demanding work-to-life balance. Dairy farming can be a physically demanding role and is facing more challenges with increased compliance required each year. Prior to 2020, the industry has heavily relied on immigrant labour. The Corona Virus causing border closures have impacted this significantly. Job losses from other local industries have seen the entry level positions that immigrant labour normally fill now being aimed to those New Zealanders who have found themselves unemployed.

To counteract volatility, those in the industry have had to become highly adaptable and incorporate much more compliance into their farm business. How our current dairy farms are to survive into the future is reliant on those who are running the farms now. The farms need not just be profitable, but also environmentally sustainable, have ethical animal standards, and should work towards training a

new work force that may not be familiar with the hours and labour required of running a dairy farm to meet current standards. These standards are driven by current day consumers who want to know that the product (milk, cheese, butter, infant formula) is all produced under a moral code. There are always rogue individuals who feel they can run their business the way they see fit. Sadly, we now live in the age of social media with everyone carrying a camera in their pocket has connections to thousands of viewers at their fingertip. These rogue businesses can affect all others with serious negative repercussions.

The responsibility of evolving with the world's demands for dairy will fall onto those who are owning and producing the milk, and milk products, for the supply chains. Our dairy industry has many skilled people working within it and countless of those aspire to own their own dairy farm in the future.

For this report "success" is defined as reaching the goal of dairy farm ownership.

4. Method

Semi-structured interviews were employed to provide a framework for information gathering. Four Rural Professionals were interviewed, in a Semi-structured format. These rural professionals were from reputable farm advisory firms in the South Island of New Zealand. Four rural bank Managers were interviewed using semi-structured interviews. Each of those advisors or rural managers giving their personal professional opinion on the progression to dairy farm ownership. A thematic analysis was then done on the results.

Each professional was asked the same set of questions for their profession and each of the farmers who kindly participated in this project had the same questions. As Covid-19 caused meeting disruption, many of my interviews were done over the phone or Zoom, with only a small number of interviewees able to meet personally.

Four dairy farmers from the South Island of New Zealand were interviewed, using semi-structured interviews. These dairy farmers had progressed to dairy farm ownership in the previous five years, each with different methods of progression. Each of the farmers interviewed had over ten years' experience in the New Zealand dairy industry. The results from these interviews were analysed with a thematic methodology. Results from the rural professionals and farmers analysis were then compared against each other. This gives indicative ideas of which areas are the strongest indicators of success.

Alongside interviews, many reports and articles were reviewed, and discussions were held with key industry people. This helped gain information and understanding of the topic and the industry in general. It was also useful for background knowledge outside of personal experience. Information from government websites, industry support and any areas that were relevant for the collection of data required to make this project as relatable and credible as possible. References can be found at the end of this report. The limitations to this research were the pool of farmers. Ideally, a representation of farmers from the North Island of New Zealand, would have been included in this process using the semi-structured interview process I undertook with the South Island dairy farmers.

5. New Zealand in 2020

Not far into my research the world went into a worldwide pandemic response to combat Corona Virus. New Zealand shut its borders to all overseas travel, except those nationals coming home. The nation went into a five week total lock down period. This effected our economy, our people, our children, and every kiwi knew the word Covid-19. The effect this had on my project is still emerging. The agricultural sector has so far stayed strong and been able to keep some of the economy afloat during these unprecedented times.

The public perception of farmers in general was lifted as it became apparent how hard they work. Farmers were labelled “Essential Workers” which granted them the right, alongside other essential workers, like supermarket staff & postal delivery agents, to continue to operate. The country required the stable income of the farmer. There were challenges in continuing with daily routine; social distancing became a catch phrase, especially when in the supermarket trying to buy goods (do not even start on the toilet paper and rice shortages). Social distancing on a farm was a puzzling concept. Many farms created their own work “bubble” and if you lived on farm, you were all in one bubble, with no connection to the outside world. This allowed farming to continue as normal. This ensured that income was still building for agricultural and associate industries, while others such as tourism suffered greatly. Whilst we have not yet seen the end of Covid-19, this has helped farmers in a positive way. Banks have become more sympathetic to farmers, especially when many businesses in the hospitality or tourism sector are struggling if not closing for good.

This support has helped lift spirits in the farming sector and given farmers some much needed support. This buoyed them until the new Freshwater Policy was released by the Labour-Green Government. This new policy saw any feelings of hope and comfort in the farming sector slashed. Many farmers felt attacked and singled out by the new policy. Some regions would struggle to ever meet the targets, even in the best of weather years. The cost of trying to meet the compliance involved with the new environmental policies for many will be substantial.

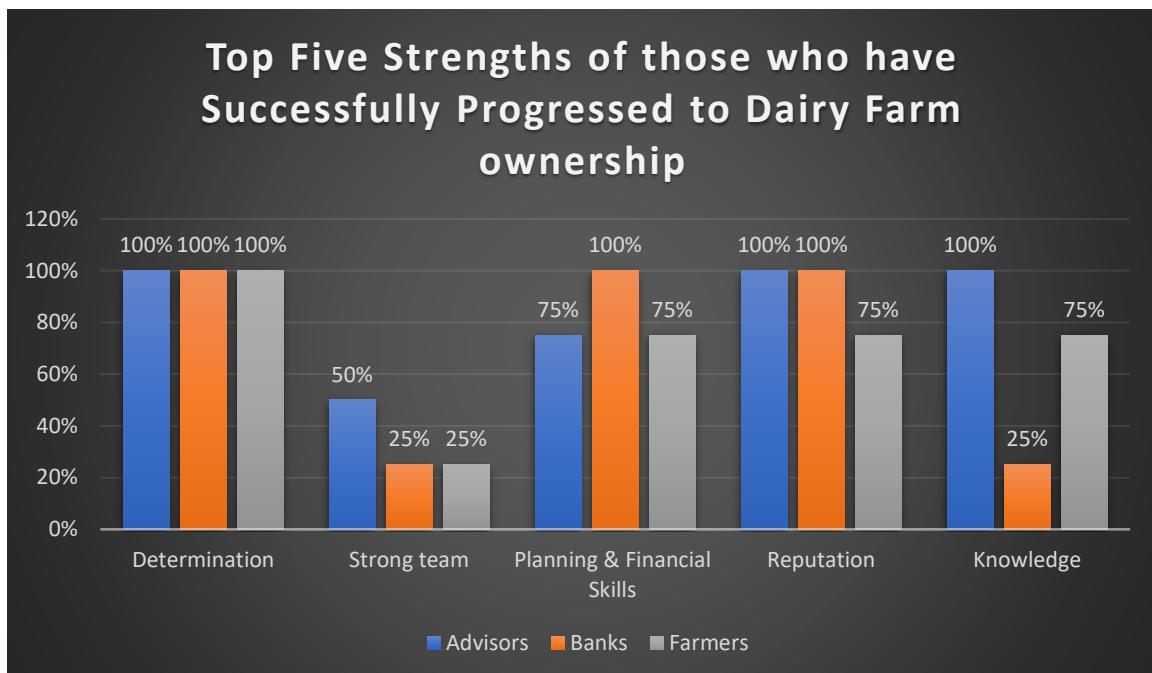
Healthy waterways and better quality water for our future generations is important to dairy farmers. As the Ministry for the Environment state on their website *“Water is one of our most precious resources- it is essential to life on earth”. “Our lakes and rivers are feeling the pressure of more than 150 years of a growing population and land-use changes. Water quality has deteriorated in some areas.”* (*Ministry for the Environment May 2020*) To combat this deterioration, the New Zealand government released new National Policy Statement for Freshwater Management. As this process of this improvement is a new initiative and no prior policies formulated are closely relevant there is now confusion, dismay, anger and concern. Questions arose around who will fund it? Who will police it? Who determines which farmers are fit to farm and which will have to gain consent? All these questions, and many more, were fired around the room at the local meetings and at those in Wellington who back the policy. As time progresses more information is being created around implementation of the policy, alongside some more opportunities for consultation on certain aspects of the policy- such as the Low Slope map. Potential effects of this policy implementation could see land sales stagnate. The cost of policy implementation is unknown, and while this cost becomes clear, many farms may stay unsold on the property market. This stagnation could cause delay in progression to dairy farm ownership

Dairy Farm Ownership is often the goal for many farmers starting their career. The progression to Dairy farm ownership has never been easy, and those on that pathway have often had similar qualities previously stated can be attributed to their success.

6.Pillars of Success

"Determination is the quality that you show when you have decided to do something and you will not let anything stop you" (Collins English Dictionary 2020)

Dairy farm ownership is not for the faint hearted. The pathway has been rocky of late, but no matter which pathway was undertaken and what the financial situation was, *determination* came through as the top trait amongst all the interviewees over all industry roles.



Data was gathered from four South Island dairy farmers who had purchased a dairy farm in the prior five years. All the farmers were asked the same questions in a semi-structured interview setting. With this data, the common themes were pulled out and aligned against the themes identified in the interviews with rural professionals. The top themes discovered will be explored and expanded below.

6.1 Determination

Determination was observed in farmers as having goal focussed outcomes. The prominent goal being to own their own dairy farm. The size & location differed, yet each and every one of the farmers discussed how their determination and downright stubbornness was the main factor in their success.

This quality was evident throughout their journeys. "No" was not the answer those farmers wanted to hear, be it the bank providing lending for the farm purchase, the funds to build the dairy shed, or the lowest recorded dairy milk price pay out in two decades (*Dairynz economic farm survey 2015-16*). All of the interviewed farmers found a way to overcome each roadblock they encountered. The determination and desire to own their own farm kept them driven to be solution focussed, become critical thinkers and innovative businessmen and women. This determination was evident not only in their business but also in all aspects of life. Their determination was observed as strong willed,

disciplined & motivated. The farmers stayed determined to make a profit, disciplined to ensure they did not spend on items they did not require, and motivated to do so 365 days of the year.

Rural Advisors and Rural Banks that were spoken with also recognised that determination was the strongest strength that came through when they reflect on clients who have successfully progressed to dairy farm ownership. “Driven to the goal of farm ownership above anything else in their lives” (*Brent Love KPMG*). Brent was the first Rural advisor interviewed and this quote was his answer to the first question. When a Rabobank rural manager was approached for an interview their observation was that the successful clients that had been in business had a great work ethics, “7 days a week’s 365 days of the year”. This work ethic unequivocally relates with the determination to succeed at their goal of dairy farm ownership.

6.2 Reputation

The drive to be successful in all aspects of their business and personal life also lead to those farmers having exceptionally good reputations. Keeping those reputations was key to building good relationships. These relationships are vital for progression. Be it with their professional support such as banks, accountants, advisors, suppliers or within their own team of employees. We live in a small country and the dairy industry is even smaller. Maintaining a good reputation is vital for creating opportunities.

When running larger dairy farms, it is impossible to manage alone. The requirement for trustworthy staff is just as vital as the funds to purchase the farm. One of the interviewed farmers expanded on their relationship with their employees and just how integral it was for the success of their business. They had built the relationships on trust and progression. Many of their employees required Visas to be in the country. This visa process was always undertaken with importance and professionalism. As employers, they found that ensuring their employees visa and residency goals needed to be included as part of the farm’s pathway. This made for a happy productive team who really felt like they belonged on the farm and were a part of the journey. In building these relationships, the farm had a low staff turnover and the employers have become highly regarded as leaders in our industry. The stability of retaining their employees over a long period of time saw these interviewees able to expand their business. They took up the opportunity of purchasing a neighbouring dairy farm, while maintaining their 50/50 sharemilking position. Additional to this purchase which met the goal of farm ownership, it also enabled them to offer their employees a change in roles and responsibility. The new farm introduced growth and expansion into their business which allowed the employees to grow in their positions without having to move to another employer. The landowner of the 50/50 sharemilking position was supportive of the purchase of the farm, as they knew that their own business was still going to be under the same experienced management. This safeguarded his asset and income, while allowing the valuable sharemilkers the ability to reach their own goals.

Reputation within the industry goes across many areas. Financial reputation amongst suppliers will see those businesses receive good terms of trade. When providing the financial lending, banks like to see farmers who consistently meet their budgets. Bank managers will be able to connect good clients with other good clients to potentially form new relationships that could be mutually beneficial to both parties. This connection would only come to those farmers who have proven they can meet their targets, communicate well and who have a reputation that supports their track record. Maintaining a good reputation coincides with building good relationships. The relationships with professional support components were a vital success point for all the interview farmers.

Across the four rural banks that were interviewed, every bank recognised that good relationships and connections were amongst the top five strengths within their successful clients.

6.3 Planning and Financial Skills

Financial capability was also highly regarded as a strength in successful dairy farmers. Being financial is not just having a budget, it is about understanding your cashflow. Interpreting the income and expense and being able to turn profit into equity are also aspects of financial capability. All the farmers interviewed analysed their budgets monthly at the minimum, with some doing this fortnightly. This was to review their spending and ensure they are on track. Their financial reporting was always sent to their bank. This communication ensured that the bank manager was included in their farming business. All banks interviewed said their good clients provided them the financial reports without being asked. Clients who were accountable to themselves rather than those bank managers asking why budget targets were not being met, were amongst successful candidates for dairy farm ownership. Owner-operators received an average cash pay-out of \$3.92 per kilogram milk solids sold for 2015-16 (net of the industry good levy, but includes advances, final payments and dividends) (*Dairynz economic farm survey 2015-16*). For 50/50 sharemilkers this milk price was \$1.88 per kilogram milk solids, a 34.6% decrease from 2014-15, which was already much lower than the prices received in previous years, this was the lowest pay-out since 2000-01 (*Dairynz economic farm survey 2015-16*). The effect of this low milk price saw 50/50 sharemilkers have a change of -14% in breakeven milk price which, creating a -37.7% decline in equity (*Dairynz economic farm survey 2015-16*). The only way farmers made it through the low milk price year was through good budgeting skills and understanding how to turn their negative equity gains into positive in the following years. One farmer interviewed explained the low price years was of benefit to their business as they were able to grow equity with livestock trading and staying accountable to the tighter budget restrictions; all of which helped them to reach their farm ownership goal two years earlier than planned.

Four well known rural banks were interviewed: ANZ, Westpac, Rabobank and BNZ. All four of the banks wanted to view forecast budgets that spread over 3 years, with one year as a status-quo year, when clients were proposing a new business opportunity or development plan. They also all used the same sensitivity parameters to assess the financial viability of the proposal. The most common sensitivities analysed were Kgs (kilogram of milk solid), interest rates and dairy milk price. Alongside budgets, banks discussed the need for compliance across the business.

Compliance is defined as *the act of obeying and order, rule, or request (Cambridge English Dictionary 2020)*. In a dairy farm, business compliance is meeting and complying with many Government enforced regulations and laws including; The Health & Safety at Work Act 2016, the New Zealand Employment Relations Act 2000 and regulations from The Department of Inland Revenue. There are also regional council requirements and environmental requirements to which farmers must adhere and comply. One of the most important regulations to comply with is the ‘terms of trade’ specified by your milk company. Banks specified how compliance is ever increasing and to not meet those compliance regulations can have a negative financial impact on your business. Those clients who consistently exceed expectations around compliance and ensured their business was running at the highest standard possible, earnt a high level of respect and their reputation as “good” farmers. This is how a farmer’s reputation can be of great assistance along the journey to dairy farm ownership.

6.4 Knowledge

Determination, goal setting, strong financial skills and a good reputation were the strongest personal attributes discussed in the interviews, but was not limited to only these. Knowledge and a strong team also came through. The knowledge linked with financial skills; some farmers having come from a formal university degree background or polytechnic training, while others used Primary ITO training to up-skill themselves whilst running their business. The farmers that have progressed to dairy farm ownership had sought out information in all aspects of their business. One farmer took three years away from dairy farming and in this time he took up a role as a Territory Manager for Farmlands. He openly discussed using these three years to gain knowledge in areas he identified as his weakness. He found value in taking time away from hands on farming. He used this time to his benefit for knowledge gain. Alongside learning, he built connections with regional people who would be of benefit to him in the future when he bought his own farm. During the three years in that role, he, and his wife successfully purchased their own dairy farm in Southland. When the time was right for them both, he left the role to go back to the dairy industry and they now run the dairy farm together. Together they are a strong team.

6.5 Strong Team

The strong team attribute extended beyond husband and wife. There is a strong team of employees and a strong team of professional support. All the interviewed farmers had accountants, bank managers, advisors or mentors who contributed to their business as professional support. When speaking with rural advisors and bank managers, they recognised the strong team as a husband and wife duo, or a person with strong family support that also had a strong team of professional support around them; while the farmers themselves recognised the team as their professionals, employees and spouses. Each person brought their own strength to the business.

How do all these attributes link to the progression to dairy farm ownership? Heather Lawson from Living Land Consultants used a good analogy for why these attributes are important for progression: "If we think of all of these attributes as a leg of a chair, if we remove one leg, the chair will not be stable and it can result in the chair falling over". The chair is the dairy farm business. If a person is full of knowledge, plenty of financial ability but no drive or determination to work for the goal, then that person would be unlikely to succeed to dairy farm ownership in the long term. Just as if you had someone who had all the determination in the world, plenty of support but no financial ability, they too would be unlikely to reach success. While there are aspects of your business you can outsource such as finances, the ability to self-manage and stay accountable within yourself was a more common attribute within the successful farmers who participated in this research.

The next section discusses the Progression the interviewed farmers used to get to Dairy Farm Ownership.

7. Progression

The natural progression through the dairy industry has been to start as a worker. Be it a farm junior or assistant, work your way up to herd manager, 2IC (second in charge) or manager. From manager, some went on to contract milk, others missed that step and went straight to sharemilking. If they had enough equity or had been buying youngstock while still earning wages, they could go to 50/50 sharemilking. Sharemilkers then aimed to grow their herd size, either through livestock trading, or through breeding. They would continue to move up in herd size, which would mean to move farms on many occasions. Once they had enough equity in their business, then they could look to purchasing a small farm of their own.

Sharemilking has traditionally been the first step to farm ownership. But has this changed? There seems to be a shift away from this model in recent years. The total number of 50/50 Herd Owning sharemilking positions has declined by 2.8% which equates to 384 herds in the last ten years. While the total number of sharemilking herds have declined by 710 herds or 5.3% (*New Zealand Dairy Statistics 2018-19*). This could be interpreted as seeing a movement away from sharemilking, specifically variable order to contract milking to give greater certainty of milk production to the owner (*2018-19 New Zealand Dairy Statistics*). Alongside this movement to owner operators with contract milkers, the industry now has a bulk number of professional sharemilkers. These are people who have found a good position, created good relationships with the land-owner, and rather than moving to another property after three years, they stay on that farm, possibly upwards of ten years. The lack of movement from the sharemilking role then reduces the availability of those roles for others to move into. The reasoning behind staying long term in a herd owning sharemilking position can be deduced for two main factors. Firstly, the business is generating a profit and those sharemilkers use that profit to reinvest in their own business to build equity. This could be by purchasing run off land, livestock trading, purchasing investment properties or have another dairy position alongside this role. This main sharemilking role provides a stable income for their investment of choice to develop their equity and cashflow, as well as other additions to their business. Secondly, the sharemilker would have no intent to progress further in the dairy industry. Therefore, they remain happy running the farm and business as it is with the idea to one day sell out of the sharemilking position as a whole and likely leave the dairy industry for a completely different role. This just means that the farmer would not be looking to move off the herd owning sharemilking position to purchase their own dairy farm.

In my view, both of these options are sound opportunities for the future. Option one has plenty of progression within the dairy industry. Essentially, the sharemilking business is generating a cashflow for another farm, be it dairy, dairy support or another diversification which is building equity for the primary business. This method of progression is a viable pathway to dairy farm ownership. But what this mode of growth is doing is reducing the pathway for others into the sharemilking positions. The price of land is having a contributing factor to the slow progression to dairy farm ownership. Dairy farm land values have trended upwards over the last decade. 2009 to 2010 saw dairy land farm sales average at \$31,653 per hectare compared to 2018-2019 of \$36,846 per hectare. That is an increase of \$5193 per hectare of land. 2009-2010 was the year with the lowest number of dairy farm sales at 90 farms that year. The number of farms sold increased to its peak in 2013-2014 when a total number of 312 dairy farms were sold. In 2018-2019 the tally reduced back down to 148 which is the third lowest number of sales in the last decade (*2018-19 New Zealand Dairy Statistics*). For a herd

owning sharemilker, this lift in land values has made the step from herd owning sharemilking to owner operator a larger financial hurdle to overcome. Therefore, current farmers require a longer term to build equity if compared to those who were farming ten years prior to 2009-2010. Most commonly, farmers are seeking loan guarantee from family members or good friends to help them overcome the higher land prices. This is not something everyone is in a position to do, but for those that are, having family or close friends provide some financial support is a great way to get from a herd owning sharemilking position to dairy farm ownership.

The industry is also seeing people getting creative on how they can get to dairy farm ownership without having to go into a herd owning sharemilking position. Two of the interviewed farmers did not use herd owning sharemilking as a progression to dairy farm ownership, yet they still reached this goal. One being based in Mid Canterbury, using a reliable income from a manager and overseer positions to gain equity.

The average dairy herd size in the South Island is 639 cows, which is greater than the North Islands average of 354 cows (*2018-19 New Zealand Dairy Statistics*). Also Canterbury has the highest average cows per hectare of over 3.4 which directly correlates to milk production. North Canterbury recording the highest kilogram of milk solids per cow and per hectare in New Zealand for 2018-19 season (*New Zealand Dairy Statistics 2018-19*). With these large herd size, high production farms require a specific skill set to effectively run the farm to meet these targets. The farmer interviewed was able to use these Mid Canterbury farms for career progression and equity growth. Being employed in the Operations Manager role over several of their farms for a number of years, he built up his reputation so that together with the company, he and his wife undertook the task to purchase a dairy farm together. Those people on the board for that company recognised the farmer as a hard worker, knowledgeable, and he could build a good rapport with his employees. He had been clear that his intentions were to progress to dairy farm ownership. Along his journey, he used livestock trading to build equity, and disciplined saving. He chose a pathway that was not necessarily the most recognised one but his intention was to own a dairy farm by 30years old. Although he said he was four years later in reaching his goal, he had moved the bar much higher and he now owns a large-scale dairy farm, in Mid Canterbury with good infrastructure.

8. Conclusion

Progression through the New Zealand dairy industry is changing in some ways. There is still the method of 50/50 herd owned share milking, but what is also being seen is people using the industry options to get creative along the journey. This project highlighted the method of a higher salaried roles such as Manager, Operations manager and Territory Field Officer for rural supplies store that provide a reliable steady income to fund investments. Many farmers are sharemilking more than one property to assist cashflow and equity growth for land ownership goals.

From conducting the interviews with knowledgeable industry professionals and speaking with successful dairy farm owners who have purchased a dairy farm in the last five years, it was discovered that the pathway is not the important factor in the journey. The important part is the people on that journey. Each of the interviewed farmers all exhibited similar characteristics and these were all very strongly represented as these Pillars of success:

- Determination
- Financial capability
- Relationships and reputation
- Knowledge
- Strong team

Alongside the farmers, the rural professionals discussed how the people are the ones who determine the pathway, not the pathway taking the people to dairy farm ownership.

Each farmer used the industry to meet their own personal circumstance. Be it the timeline they required to make the purchase of their farm, or the equity growth required, or the knowledge needed to be successful once they had reached ownership.

If the farmer had these five characteristics stated above then the goal of farm ownership was not a goal, it became inevitable that success would occur.

9. Recommendations

For those starting their journey to dairy farm ownership the pillars above would relate back to your life as:

- Stay focused on your goal of dairy farm ownership. There will be long and bad days but remember your WHY: to own your own dairy farm.
- Be good with your money. Do you need the brand-new high spec 4WD and the latest smart TV? Or will the basic model suffice to avoid debt? Budget, budget, budget! Analyse and review your budget: Where is your money going?
- Your reputation is as important as your finances. Keep your reputation. One that is well respected and become someone that others seek out for advice, be the person that employees want to work for.
- Knowledge is power, do not stop learning. Take opportunities to learn at any stage. Build a strong team around you. Pick a good partner, build good trust with your employees, and never let the bank down.

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11. Appendices

B. Love Rural Advisor KPMG

H. Lawson Rural Advisor Living Land Consultants

J. Donkers Rural Advisor

H. Craw Rural Advisor Compass Agri

A. Watters My Farms

Rural Bank Managers

H. Pedlow ANZ Bank

J. Jones BNZ Bank

P. Moniyhan Westpac Bank

A. Broughton Rabobank

Selection of farmers in the South Island of New Zealand.

11.1 Appendices- Rural Advisor Interview Questions

1. Personal Attributes

For those clients who have successfully achieved dairy farm ownership, what are their top 5 attributes that enabled their success?

- 1.
- 2.
- 3.
- 4.
- 5.

1.2 How would you describe the importance of each point above

2: Planning and practices

2.1 Thinking of business practices, what is a regularly seen strength (not listed above) that is commonly found amongst successful dairy farmers?

2.2 Please explain why the above strengths are important in reaching the goal of Dairy farm ownership?

2.3 Thinking of dairy clients running their business, what management tools have you seen help those successful farmers on their journey?

2.4 Thinking of dairy clients running their business, what support systems have you seen help those successful farmers on their journey?

3: Barriers

3.1 What have you seen as the biggest let down or success barrier to those on their journey to dairy farm ownership?

3.2 Why do you think the above barrier was detrimental to their goal of dairy farm ownership?

4: Wealth and connections

4.1 How has dairy farmers wealth and equity creation changed in recent years?

4.2 What interesting ways of wealth or equity creation have you seen dairy farmers use, to help them along their journey to reach dairy farm ownership?

4.3 How do you go about creating connections between successful clients, to build future partnerships or joint ventures?

5: Changes and impacts:

5.1 What changes are you seeing in the pathway to Dairy farm ownership, that were not present 5-10 years ago?

5.2 With regard to the changes stated above how are they impacting those still in the industry?

5.3 Diversification is becoming more common amongst dairy farms, what current forms of diversification are you seeing in the industry?

5.4 Thinking about the future, how would you describe a NZ dairy farm model in 10years time?

5.5 Is there anything we have not discussed that you think is important in achieving dairy farm ownership?

11.2 Appendices- Rural Bank Manager Interview Questions

1: Client Strengths

Thinking of your successful clients, what do you believe to be five strengths of these clients, that enabled them to reach their goal of farm ownership.

Why do you think these strengths are important for reaching farm ownership?

What have you seen as the biggest let down, or success barrier for those on their journey to dairy farm ownership?

2: Finances and Budgets

2.1 Thinking planning and budgets, what information do you like to see from your clients, who are aiming for dairy farm ownership, in their planning and budgets?

2.2 For New proposals, what timeframe of budget to you like to see in the planning stages?

2.3 For new proposals within their business or business changes for dairy farmers, what sensitivities do you like them to analyse?

2.4 What KPIs do you benchmark dairy farmers business against?

2.5 In the current climate, what deposit percentage do you require for property purchase, excluding plant and machinery, Fonterra shares and Livestock?

3: Business advising and other information

3.1 Outside of financials, what other planning and procedures do you like to see within a dairy farm business?

3.2 If you had a client, who was successful in industry awards such as Dairy Industry Awards, NZ Young Farmers contest, New Zealand Farm Environment Awards, Ahuwhenua Award, & NZI Rural Women NZ Business Award, and they had come to you with a business proposal but were potentially short on financing, how would the success in the awards be factored into the business proposal consideration?

3.3 How do you go about creating connections for successful clients, with other successful clients to build relationships or future partnerships?

3.4 What interesting ways of wealth creation have you seen in recent years?

4: Changes and impacts:

4.1 What changes are you seeing in the pathway to Dairy farm ownership, that were not present 5-10 years ago?

4.2 the changes you stated above, how are they impacting those still in the industry?

4.3 Diversification is becoming more common amongst dairy farms, what current forms of diversification are you seeing in the industry?

4.4 thinking to the future, how would you describe a NZ dairy farm model in 10years time?

4.5 Is there anything we have not discussed that you think is relevant to my project “What is the pathway to dairy farm ownership” that you would like to discuss?

11.3 Appendices- Farm Owner Interview Questions

Farm Data:

Size: cow numbers: region:

ownership model: sole/EP/JV/Share/Lease length of time:

Age: 20-30 / 30-40/ 40-50/ 50+

Farmer Questions:

1. How long have you been in the Dairy industry?
2. What positions within the Dairy Industry have you held?
3. How do you define dairy farm ownership?
4. When you think of your strengths, what do you feel are your top 5 strengths that have contributed to your success of owning a dairy farm?
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5. Why do you feel these strengths were important on your journey to dairy farm ownership? Which business practices helped you be successful and why?
6. What methods of financial growth did you use?
7. What was the biggest challenge you faced along the pathway to dairy farm ownership?
8. How did you overcome the challenge above?
9. What impact did the industry and national challenges have on your timeline to dairy farm ownership? Setbacks or forward change?
10. If you could go back, what would you do differently?
11. During your time in the dairy industry, have you entered any of the Farming Award competitions? Such as Dairy Industry Awards, Young Farmer of the Year awards, Dairy Women of the year.
12. Thinking to the future, how would you describe a typical New Zealand dairy farm in 10 years' time?
13. What do you see as the biggest challenges for those still on their journey to dairy farm ownership?
14. What advice would you give to those people starting out in the industry who aspire to own a dairy farm in the future?