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RURAL LEADERSHIP PROGRAMME

Dairy Pathway Project: Bridging the Gap

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Course 55 2026

Luke Doyle

I wish to thank the Kellogg Programme Investing Partners for their continued support.

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1.0 Executive Summary

The likes of sharemilking has been around since the 1900's in New Zealand and formally recognised through the Sharemilking Agreement Act 1937 and then evolving into contract milking towards the 1970s to what it is now, an ever evolving agreement that encompasses all areas of farming, this is extremely exciting for sharemilkers and the likes however the common rhetoric or theme seen is that the majority of new sharemilkers right through the generations find it hard to initially understand how to bridge the gap between employment and employer.

This report examines the current level of understanding of employees that are looking to make that change and learning from the people that have already made that change as well as exploring how

the dairy industry is supporting employees to understand the transition and give them the tools to fully understand the implications of becoming a employer/ business owner.

In order to complete this report, two surveys were completed

- A survey of employees that are working within the dairy industry currently to measure their understanding of what it takes to make that leap
- A second survey was conducted for employers or business owners that have made that transition. In total 41 participants responded to the two surveys.

The survey was supported by a literature review of what the current climate looks like in this space as well as several interviews with representatives of industry organisations.

The key themes identified through the surveys and interviews were,

1. Lack of clear progression pathways
2. Financial literacy gaps when progressing for employees moving into business ownership.
3. The importance of Leadership and mentorship.
4. Develop structured guidance to help farm owners assess whether contract milking is the right fit for their business, while improving understanding of the support, development, and progression requirements needed for contract milkers to succeed.

Recommended actions to address the issue identified in the report were:

1.Develop a National "Bridging the Gap" Progression Framework

Develop a nationally recognised progression framework that clearly outlines the pathway from employee to business owner. The framework should define expectations of financial, operational and leadership skills requirements at each stage while linking aspiring business owners to existing industry resources such as Bizstart, BizGrow, Contract milking 101 and financial tools. This would improve visibility of existing pathways and provide greater clarity for those considering progression.

2. Introduce "subsidised" initial Financial Readiness Education Before Contract Entry

The findings strongly identified financial literacy as one of the largest capability gaps within the industry. Many individuals are entering contractual arrangements without fully understanding cashflow, taxation, budgeting, debt servicing, or profitability.

To address this, any lending bank should introduce a recommended or "subsidised" financial readiness programme prior to entering, Contract milking or Variable/ 50:50 order sharemilking

This programme should include:

- Cashflow management
- Budget building and stress testing
- Tax obligations and ACC understanding
- Understanding debt and capital requirements
- Contract interpretation and due diligence
- Risk management and contingency planning

The programme should be practical and scenario-based rather than purely theoretical. This recommendation directly addresses interviewees and survey responses concerns around financial knowledge.

The recommendation is for a course that is available to potential first-time ag business owners that is recognised by banks, if this course has been proven to be taken by a potential business owner a higher value or less risk rating should apply to these potential contract milkers/LOSM, which helps them borrow more or at a lower interest rate. Lending business don't have to reinvent the wheel but leverage industry courses currently in being taught.

Introduce a recognised financial readiness programme for individuals entering contracting milking, lower order sharemilking or 50:50 sharemilking. The programme should focus on practical financial management including budgeting, cashflow, Taxation, Debt management, risk assessment, and contract understanding. Industry and lending organisations should recognise completion of this programme as evidence of financial preparedness and assessing lending applications

3. Formalise Mentorship Within Dairy Progression Systems

Establish structured mentorship programmes that connect aspiring business owners with experienced contract milkers, sharemilkers, farm owners and industry professionals. Alongside mentoring, increase the promotion and accessibility of existing industry programmes and expand the use of famer- led learning through case studies, podcasts and practical examples through short form media. These initiatives would strengthen leadership capabilities, improve preparedness and make existing support more accessible.

4.Support for Farm Owners

A recommendation is to develop guidance and decision support tools to help farm owners to determine whether contract milking is the right fit for their business and better understand their role in developing future business owners. This should encourage stronger progression and a partnership built on trust, clear expectations, effective communication and SHARED long-term success.

Practical steps to help look like,

1. Develop a National "Bridging the Gap" Progression Framework
2. Establish a Financial Readiness Programme with lending groups for First-Time Business Owners
3. Formalise Industry Mentorship Programmes
5. Improve Visibility and Accessibility of Existing Industry Resources
6. Develop a Farm Owner Progression Support Framework
7. Investigate an Industry Benchmark for Sustainable Contract Milking Agreements

2.0 Acknowledgments

My first acknowledgement must go to the Kellogg Rural Leadership Programme team and facilitators who guided us throughout the Rural Leadership Programme. Thank you for your patience, knowledge, and willingness to challenge our thinking throughout the process. The programme created an environment that encouraged growth, reflection, and learning, and I am extremely grateful for the opportunity to have been part of it.

Secondly, I would like to acknowledge my fellow members of Cohort 55. Without the people within this programme, I would not have gained nearly as much from the experience. Every individual brought a unique perspective, skill set, and level of professionalism from across the primary industries. The conversations, debates, and shared experiences throughout the programme were invaluable, and I feel fortunate to have learnt alongside such highly skilled and passionate people.

To all interviewees and survey respondents, thank you for your time, honesty, and willingness to share your experiences and expertise to help bring this project together. I sincerely hope your voices and perspectives are reflected accurately throughout this report, and I can only hope that I have done justice to the insights, challenges, and opportunities you shared. Your contribution has played a significant role in shaping this research and strengthening the discussion around the future progression pathways within the New Zealand dairy industry

I would also like to sincerely thank Halter for their financial support, which made it possible for me to attend the programme. Your investment in both farmers and leadership development within the industry is hugely appreciated. While Halter is widely recognised for the support and innovation provided to farmers on farm, the additional opportunities and backing you provide behind the scenes for people within the sector often go unrecognised. Thank you for your support and belief in the value of developing future industry leaders.

To Ngāi Tahu Farming and the wider team who helped carry the workload while I completed this programme, thank you for your ongoing support and encouragement. I am incredibly fortunate to work within an organisation that values growth, learning, and leadership development. A special acknowledgement must go to Sarah Speight and Kim McNamara for the support, understanding, and encouragement shown throughout this process.

Finally, to my wife and family. Thank you. Completing this programme required time away, extra commitment, and sacrifices at home that often go unseen. You have carried a huge amount on your shoulders to allow me the time and space to fully invest myself into this journey. Jess, the support, encouragement, and belief you continue to show both me and our kids while we strive to better ourselves is something I will never take for granted. I am incredibly grateful for everything you do, and this achievement is just as much yours as it is mine.

3.0 Introduction

New Zealand's dairy industry is widely recognised for providing one of the most accessible and structured progression pathways within the agricultural sector, both domestically and internationally. Unlike many industries, it offers individuals the opportunity to enter at an entry level position, often without formal qualifications, and progress through a series of roles toward farm ownership. Historically, this pathway has enabled the accumulation of equity, the development of independent farm businesses, and the creation of intergenerational wealth.

Beyond individual outcomes, this progression model plays a significant role in supporting the long-term sustainability of the dairy sector. By enabling kaimahi to transition from employees to business owners, the model encourages reinvestment within the industry, strengthens sector capability, and supports workforce retention. In contrast, Over time, the structure of progression within the dairy industry has evolved to include a range of contractual and ownership models, including but not limited to contract milking, variable order sharemilking (VOSM), hybrid agreements, and equity partnerships. While these models provide flexibility and multiple entry points into business ownership, the side effect of this has increased the complexity of progression. As a result, individuals at the farm assistant to management level face uncertainty regarding which pathways are available, the appropriate timing for progression, and the relative financial and strategic implications of different options.

Despite the continued availability of these progression opportunities, which remains a significant strength of the industry, There is a growing disconnect between the existence of clearly defined pathways and the level of understanding and preparedness of those progressing through them. This includes limited clarity around the practical steps required for progression, the financial expectations associated with different business models, and access to the networks, mentorship, and support systems needed to successfully advance within the industry.

This raises a critical question: if progression pathways remain available, to what extent are they understood and effectively utilised by those they are intended to serve?

Addressing this question is important within the context of ongoing workforce challenges across the dairy sector, particularly in relation to attraction, retention, and long-term career development. By improving both awareness and practical understanding of progression pathways, this will better equip kaimahi to make informed career decisions, accelerate their progression, and remain engaged within the industry long term. More importantly, it creates an opportunity to develop and empower the next generation of industry leaders to continue strengthening and evolving the future of our great dairy sector beyond what has been achieved today.

4.0 Purpose

The purpose of this research is to assess the level of understanding kaimahi have of dairy industry progression pathways, particularly the transition from employee to business ownership. The research also aims to identify key learnings from individuals who have successfully progressed through the system, while evaluating the role industry bodies currently.

5.0 Objectives

To achieve this purpose, the research will:

1. **Assess current understanding of progression pathways among kaimahi**

Evaluate the level of awareness and understanding of progression pathways among farm assistants, herd managers, and farm managers, with a focus on:

- Knowledge of available progression models (e.g., contract milking, VOSM, and 50:50 sharemilking)
- Understanding of the practical steps required for progression.

- Perceived barriers limiting advancement within the industry.

2. **Identify key success factors for progression**

Investigate how current contract milkers and sharemilkers transitioned from employment into business ownership by:

- Identifying key resources, support networks, and knowledge sources utilised throughout their progression journey.
- Exploring common behaviours, decisions, and experiences that contributed to successful progression.
- Highlighting replicable factors that may support future dairy business owners.

3. **Evaluate existing industry support systems**

Review current tools, resources, and support systems available within the dairy industry, and assess:

- Awareness and accessibility among kaimahi
- Practical usefulness in supporting progression into business ownership
- Gaps or limitations within current industry support structures

This report intends to identify practical opportunities to strengthen progression within the New Zealand dairy industry, not only by improving the practical support systems available to kaimahi, but also aims to provide recommendations that support farm owners and industry bodies to help support the transition into business ownership.

6.0 Literature Review

This literature review explores kaimahi understanding of the contractual side of dairy farming and progression into roles such as contract milking, variable order sharemilking (VOSM), and equity partnerships. It examines the tools, support, and financial behaviours required for informed career decisions, and identifies key barriers and gaps that may be limiting progression within the industry.

6.1 Understanding Motives

Understanding progression first requires insight into what motivates employees to consider the next step in their careers.

A survey conducted by DairyNZ (DairyNZ 2025) found that between 80–86% of respondents intended to remain within the dairy industry. Younger employees were highly positive about the sector overall but less positive about their individual farm experience, while mid-career employees showed stable advocacy for both their farm and the wider industry. In contrast, older employees tended to show stronger loyalty to their employer rather than the sector itself.

These findings suggest that while early- and mid-career kaimahi are motivated and see opportunity within the industry, there is a risk that this engagement declines over time without clear progression pathways. This highlights the importance of supporting employees to transition into the contractual side of dairying, not only to retain talent but to maintain long-term engagement and purpose within the sector.

Table 1 shows that workplace environment also plays a significant role in shaping progression. Survey data consistently shows that employees value having a “good boss” and feeling appreciated for their work. This indicates that supportive leadership and positive farm environments are critical in building the confidence required for individuals to consider taking on higher levels of responsibility, such as contract milking or sharemilking. Without this support, progression may be delayed or not pursued at all.

Table 1. *The most important factors that influence wellbeing (DairyNZ 2025)*

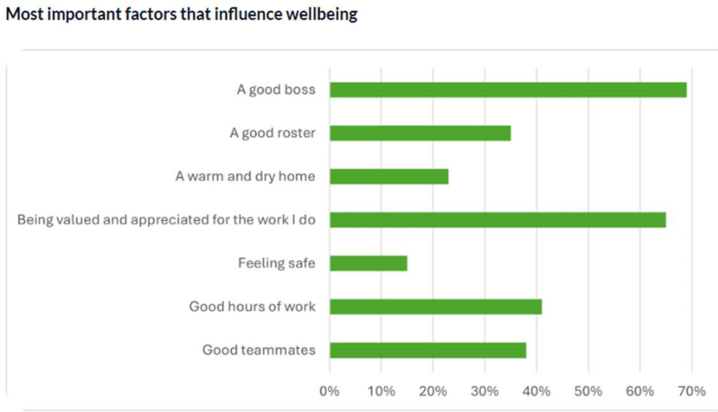
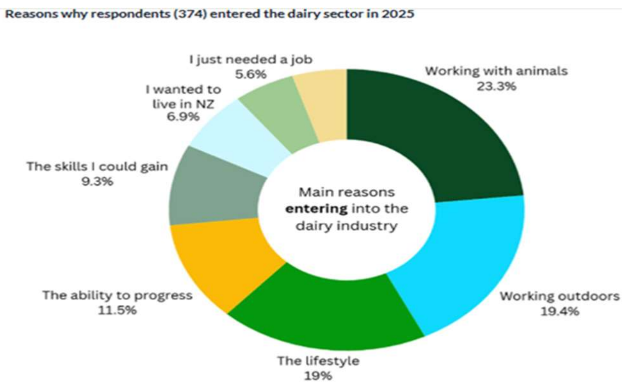
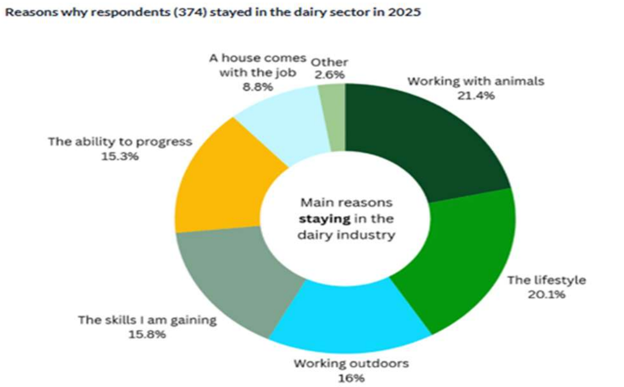


Table 2. *Main reason for starting and staying in the Dairy sector (DairyNZ 2025)*





Encouragingly Figure 2 shows that the key reasons for both entering and remaining in the dairy industry include the "ability to progress" and the "skills gained," with both factors increasing in importance as individuals gain experience. This suggests that while the industry is effective at developing foundational skills, there is a growing need to ensure kaimahi understand how to apply these skills towards the next stage of their career.

6.2 Changing Face of Dairy.

At the same time, the structure of the dairy industry is changing. Historically, small family-owned farms required little or no paid labour. However, there has been a shift towards larger, more commercially oriented operations, requiring higher levels of staff management, governance, compliance, and business capability (Schroder, 2022). By 2020, most dairy farms in New Zealand relied on a proportion of employed labour, with migrants making up approximately 50% of new entrants (DairyNZ, 2021). This shift, combined with an ageing farming population and fewer family successors (Trafford & Tipples, 2012), has reduced the traditional transfer of knowledge and mentorship that previously supported progression through the industry.

As dairy businesses become larger and more complex, the capability required to progress into ownership or contractual roles has also increased. While progression opportunities still exist, the knowledge, financial understanding, leadership capability, and commercial skills required to take the next step are becoming less visible and less consistently supported. This is particularly relevant within larger corporate or multi-farm business structures, where the expectations placed on emerging leaders extend well beyond operational farming skills alone.

Emerging leaders in the corporate space are expected to make commercially informed decisions by understanding farm financial performance, analysing key performance indicators (KPIs), and using digital technologies and farm management systems to support decision-making. They must also demonstrate strong communication, leadership, and relationship management skills while working collaboratively with a diverse range of stakeholders, including farm owners, governance groups, accountants, banks, rural professionals, processors, regulators, and internal support teams. These stakeholders often influence strategic direction and business performance, despite not being directly involved in the day-to-day operation of the farm.

As the structure of the modern dairy industry continues to evolve, it is important that the development of ambitious kaimahi is not overlooked. If the industry is to continue producing future farm owners and business leaders, there must be greater focus on ensuring progression pathways remain visible, practical, and achievable for those wanting to advance through the sector.

6.3 Industry Investment

Industry investment reflects a strong focus on attracting people into dairying. Between 2022 and 2024, DairyNZ invested over $2 million in attraction and promotion initiatives, alongside approximately $1.24 million in programmes such as GoDairy under the *Great Futures in Dairying* plan (DairyNZ, 2025). While this investment supports entry into the industry, there appears to be less structured support focused on progression into more complex roles such as contract milking. This aligns with emerging findings from this research, which indicate that many kaimahi still lack clarity around progression pathways and business ownership readiness.

DairyNZ currently offers programmes such as BizStart, BizGrow, and Business by Numbers, which are designed to support farmers through the fundamentals, growth, and successful operation of a farm business. These programmes, which range from one to four sessions, represent strong initiatives from the industry and demonstrate a commitment to developing business capability within the dairy sector.

However, despite the value of these programmes, findings from this research suggest that awareness and accessibility remain inconsistent among emerging leaders and aspiring business owners. In addition, while these courses provide valuable foundational knowledge, there appears to be less structured support available to guide individuals through the practical realities of transitioning into contractual arrangements such as contract milking or sharemilking.

This concern is also reflected in the current availability of progression-focused courses advertised through DairyNZ and Dairy Training platforms. At the time of writing, only a limited number of Contract Milking courses were publicly available nationwide, while BizStart currently showed only one listed course available across the country (DairyNZ, 2026). This may suggest that while progression resources do exist, there remains an opportunity to improve the visibility, accessibility, frequency, and practical delivery of these programmes to better support future dairy business owners.

6.4 Lack of Contractual and Financial Understanding

Much of the development required for progression within the dairy industry occurs informally on-farm through practical experience, workplace exposure, and mentorship. For many individuals, this remains one of the most valuable and effective ways of learning. However, because this development is often informal and heavily dependent on workplace culture and individual relationships, access to knowledge, mentorship, and support can be inconsistent across the industry. As a result, the true level of investment into developing future business operators is difficult to measure, creating a gap between early career development and the capabilities required to successfully transition into contractual and ownership roles.

Emerging evidence suggests that many new entrants into contract milking move into these roles with limited understanding of the associated risks, obligations, and financial pressures. Research conducted by Louise Gibson (Gibson, L. 2025) found that approximately 40% of respondents felt either somewhat pressured or directly pressured to sign agreements without first seeking adequate advice or completing sufficient due diligence.

This highlights a critical vulnerability within the progression pathway, where individuals may be making significant business decisions without fully understanding contractual terms, financial exposure, profitability, or long-term business implications. In some cases, individuals may have been financially and professionally better positioned remaining in farm management roles rather than progressing prematurely into contract milking arrangements (Kowalski, 2024). Supporting this concern, Bird (2023) found that the bottom 75% of contract milkers experienced equity growth rates lower than expected, while earning returns comparable to an average farm manager's wage, with an operating profit of approximately -$0.03/kg milksolids. While progression opportunities remain available within the dairy sector, financial success within contractual arrangements appears highly variable. Bird and Hedley (2021) found that significant equity growth among contract milkers was concentrated within the top-performing 25%, while many others experienced limited or negative equity growth over time. This suggests that progression into contract milking alone does not necessarily guarantee successful advancement toward farm ownership.

The presence of perceived pressure within progression decisions also suggests that advancement into business ownership is not always a fully informed or well-supported process, but can instead be influenced by timing, labour demand, opportunity availability, or external expectations.

These findings reinforce the importance of independent advice, structured education, strong mentorship, and clearer progression support when transitioning into contractual roles. Without these supports, there is an increased risk of poor decision-making, financial stress, negative progression experiences, and potential disengagement from the dairy industry altogether. Ultimately, this strengthens the argument that clearer guidance and capability development are required to ensure kaimahi can make confident, informed, and sustainable progression decisions.

6.5 Evolving Pathways

Existing literature suggests that while progression pathways within the dairy industry still exist, they are becoming increasingly complex and less linear than historically experienced. Reekers et al. (2007) identified that traditional pathways from farm worker to contract milker, sharemilker, and ultimately farm owner have evolved into multiple possible progression routes, including equity partnerships, professional management, and varying ownership structures. Similarly, AgFirst and Federated Farmers (2012) concluded that progression pathways are now less clearly defined and involve increasingly varied contractual arrangements, making navigation more challenging for emerging dairy leaders. While the dairy industry still provides multiple progression opportunities, the increasing number of ownership and contractual models may also contribute to confusion around progression decisions. Reekers et al. (2007) suggested that the modern dairy industry now contains numerous potential pathways, making it increasingly difficult for young farmers to determine the most appropriate progression route.. Brid and Hedley (2021) identified contract milkers and sharemilkers as critical contributors to the success and sustainability of the New Zealand dairy industry, while also warning that "ongoing focus is warranted to maintain a strong pipeline of motivated, highly skilled, future farm owners." This reinforces the importance of ensuring progression pathways remain visible, achievable, and well-supported for emerging dairy leaders. This is evidence that backs that the pathway and vision needs to be clear to ensure that employee engagement and purpose remains high throughout their progression.

7.0 Method

To better understand the industry perspectives on bridging the gap between employees and employers within the dairy sector, two surveys were conducted. These surveys aimed to assess the level of understanding surrounding the transition from employee to business ownership. The first survey targeted individuals currently working within the industry who had not yet progressed into business ownership, while the second focused on individuals who had already transitioned into employer or business ownership roles. In total, forty-one respondents from across the dairy industry participated in the research.

The first survey, directed at kaimahi (employees), contained nineteen questions, while the second survey, designed for employers and business owners, included twenty-five questions. All responses were collected anonymously following approval from the Lincoln University Human Ethic Committee. Informed consent was obtained from all participants prior to completing the survey.

A thematic analysis approach was used to interpret the survey data and identify recurring themes, patterns, and key insights emerging from participant responses. To complement these findings, interviews were conducted with professionals from across the dairy sector. These participants provide support, education, and advisory services to farmers at various stages throughout the industry.

To ensure an accurate and balanced representation of the findings, the survey responses and interview insights will be presented alongside a summary of the recurring themes and shared perspectives identified throughout the research process.

8.0 Analysis of Results.

The first 13 tables presents data collected from the business owner survey.

Figure 1 shows the age range of respondents and percentage of respondents in each age category for both surveys. The age distribution provided shows a clear concentration of respondents in the older brackets, with 50% falling into the 41–50 range and 38.9% in the 31–40 range. This combined 89% majority supports the observation that these business roles typically require significant professional experience before entry. Figure 2 shows the percentage of number of respondents in each region. The data indicates a significant concentration of employment in the South Island, particularly in Canterbury (38.9%), Southland (22.2%), and Otago (16.7%). Together, these three regions account for 78% of the respondents, which strongly supports the density of large-scale dairy operations in that part of the country.

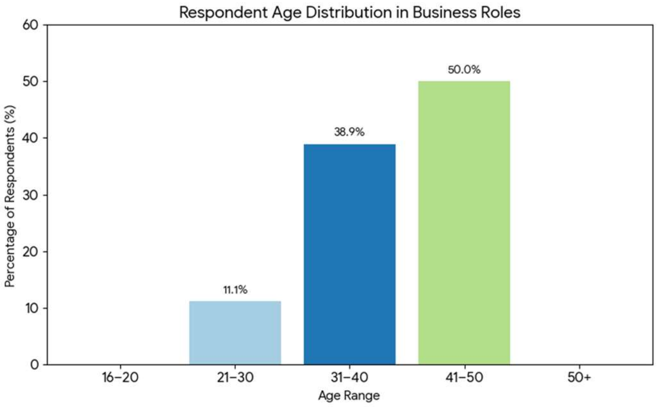


Figure 1. Survey results of the percentage of respondents in each age category.

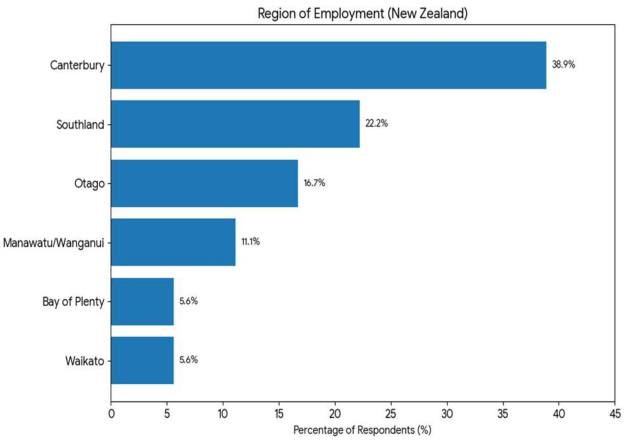


Figure 2&3. The percentage of respondents in each region along with the regions on New Zealand map.

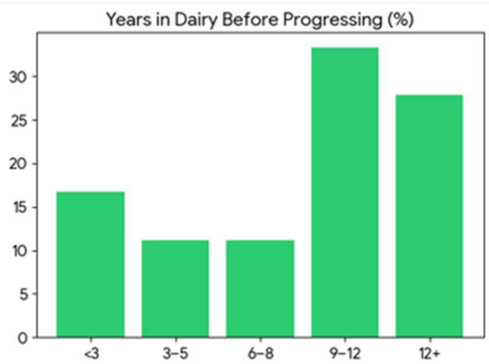


Figure 4. The number of years that each employer was working in the industry before advancing into their own business.

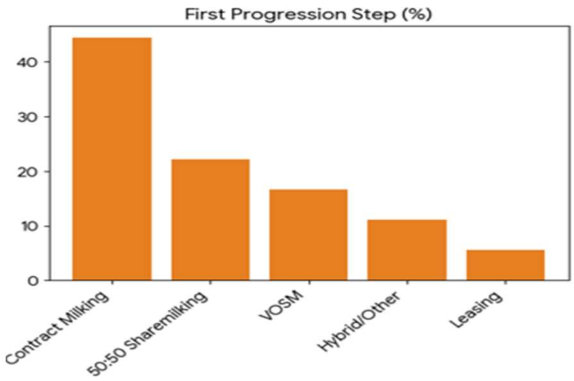


Figure 5. The percentage of employers first progression step.

Figures 4 and 5 indicates that many individuals spend a significant amount of time working as employees before progressing into employer roles, with contract milking remaining the primary pathway for advancement within the dairy industry. This suggests that progression is still largely driven by practical, hands-on experience, with individuals gradually building the skills required to move into higher-responsibility roles such as contract milking and beyond.

However, these findings raise two important considerations for the industry. Firstly, for individuals who have spent 12 or more years in employment roles, it is worth questioning whether they could have progressed more efficiently or encouraged their motivation to progress if they had access to the right support systems, such as clearer pathways, financial guidance, and structured mentoring. This aligns with findings in the project, which identified a lack of clarity and support as key barriers to progression.

Secondly, there is a contrasting group of individuals who are progressing into these roles within three years or less. This raises further questions around whether this rapid progression is driven by highly motivated individuals, or whether it reflects broader industry pressures such as skill shortages or a lack of experienced candidates, leading to people being advanced more quickly through the ranks.

These contrasting progression timelines highlight a potential imbalance within the industry: while some individuals may be progressing too slowly due to limited support, others may be progressing rapidly without fully developed experience. Together, this reinforces the need for a more structured and consistent progression framework, ensuring that all individuals are supported to advance at an appropriate pace while developing the necessary skills and confidence for long-term success

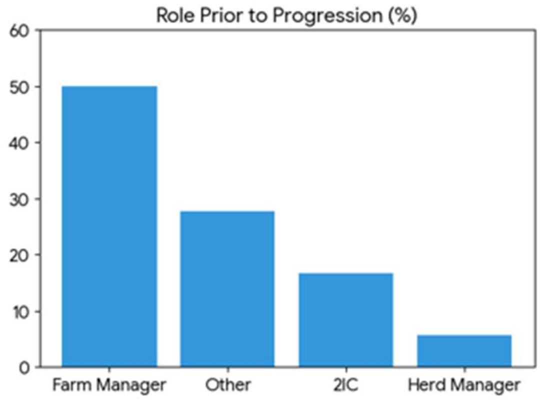


Figure 6. The roles that employees were engaged in before progressing to business ownership.

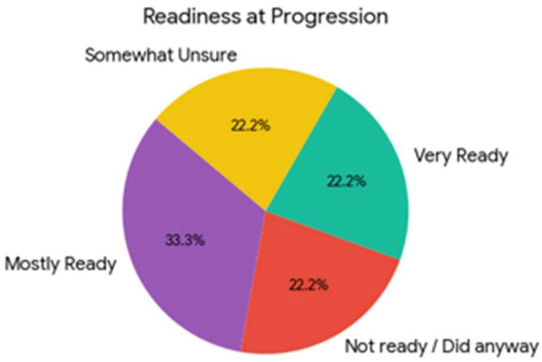


Figure 7. The business owners readiness at the time to progress into business ownership.

Figures 6 and 7 show that the majority of people are going through the traditional process to become business owners, however the readiness for progression still shows that there is a gap of knowledge or mentorship when entering that phase. The alignment between traditional progression pathways and low entry readiness highlights a major structural challenge within the dairy sector. While the established pathway successfully develops exceptional operational capability, a clear deficit emerges during the transition from farm management to business ownership. The current framework acts as a technical conveyor belt, producing highly skilled operators who excel at pasture management, animal husbandry, and maximizing milk solids production. However, this system routinely drops individuals into the commercial deep end without the foundational business literacy required to manage a business with risks that are not fully understood.

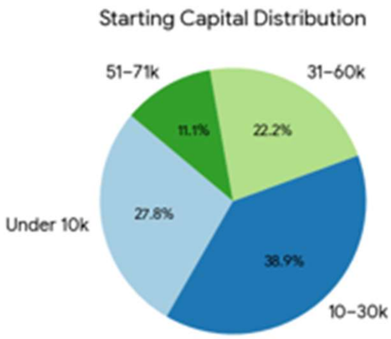
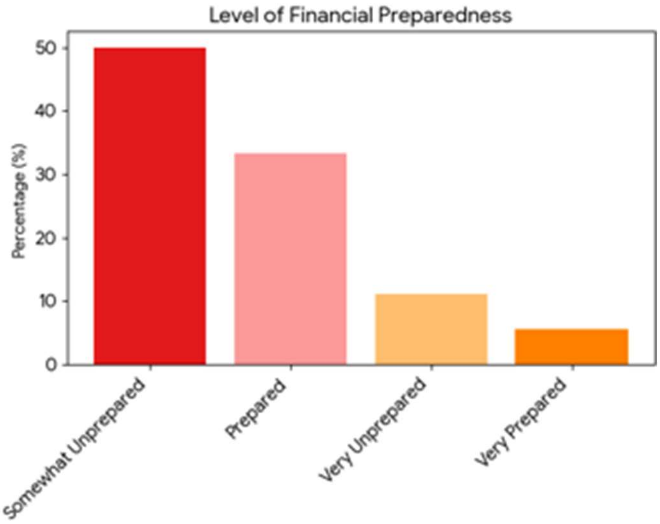


Figure 8. The amount of capital people started with

Figure 9. The percentage of respondents who felt that they were prepared financially to make that step.



Most respondents started with modest capital (Figure 8), However, the feeling of being "unprepared" was widespread (Figure 9), referring to a senior manager for rural accountancy firm interview who's apart of KPMG as their Senior Manager for the on farm Agri business team, said that

"insufficient capital is a large contributing factor to level of financial preparedness", this is also coupled with an over reliance of trust of the farm owner when firming the contracts, so there's not the level of understanding of,

1. What the cash flow looks like
2. What the financial risks are
3. What capital is needed to go into different types of businesses."

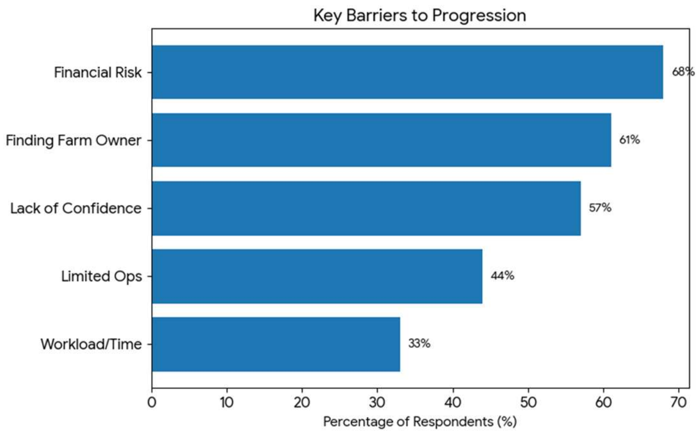


Figure 10. The key barriers to industry progression.

The strongest theme that emerged was financial risk, with 68% of respondents identifying this as a key challenge (Figure 10). This reinforces the growing concern that while ambition still exists within the industry, the financial exposure associated with progression is becoming increasingly difficult for many to justify. While financial risk has always been an inherent part of progression this research suggests rising operating costs, debt requirements, and uncertainty around returns appear to be creating hesitation for individuals considering the next step.

The second largest barrier was finding a farm owner willing to provide an opportunity, identified by 61% of respondents. This suggests that progression is not solely dependent on the capability of the individual, but also heavily influenced by access to relationships, trust, and opportunity within the industry. It highlights the importance of networks, mentorship, and farm owners actively developing future operators.

A further 57% of respondents identified lack of confidence as a barrier. This is particularly significant because it demonstrates that the issue is not simply technical knowledge or ambition, but also personal belief in being ready to take on the financial and operational responsibility of business ownership. This aligns strongly with the wider findings of this project, where many respondents understood that a pathway existed but lacked confidence in their preparedness to move forward.

Figure 10 also shows that limited opportunities (44%) and workload/time pressures (33%) remain contributing factors. While these barriers were less dominant, they still reflect the demanding nature of the dairy industry and the challenge of balancing day-to-day operational pressures with long-term progression planning.

Overall, this demonstrates that the barriers to progression are multifaceted (Figure 10). However, the dominant themes of financial risk, access to opportunity, and confidence suggest that the industry's biggest challenge is not a lack of ambition, but rather a lack of structured support and clarity around how to safely and realistically progress through the system.

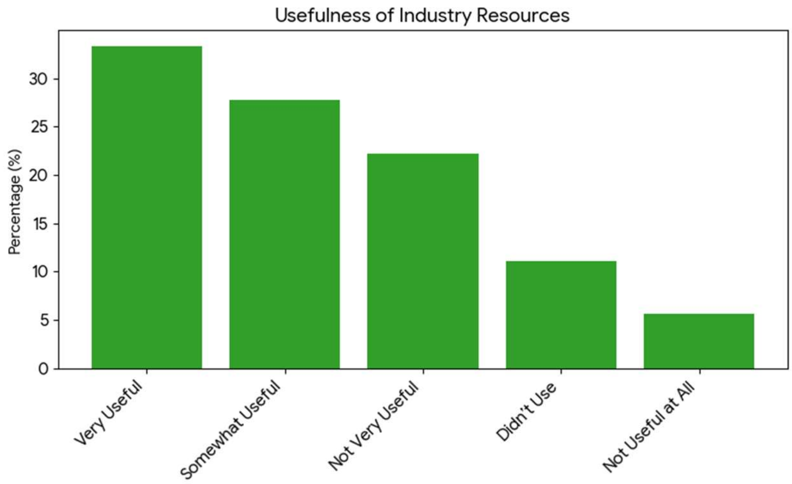


Figure 11. How respondents view the usefulness of industry body resources as they progress into business ownership.

Figure 11 shows that 33.3% of respondents found industry body resources "very useful," while 27.8% considered them somewhat useful. However, 22.2% reported that they were not "very useful," 11.1% had not used them at all, and 5.6% found them not useful at all.

These results suggest that while a wide range of resources are available across the industry, their effectiveness is inconsistent. A sizeable proportion of respondents appear to struggle with either accessing, understanding, or practically applying these resources in a meaningful way. This highlights an opportunity for the industry to not only improve the quality and relevance of support tools, but also to focus on how they are delivered, ensuring they are more accessible, user-friendly, and directly aligned with the real-world challenges that individuals face as they progress toward business ownership.

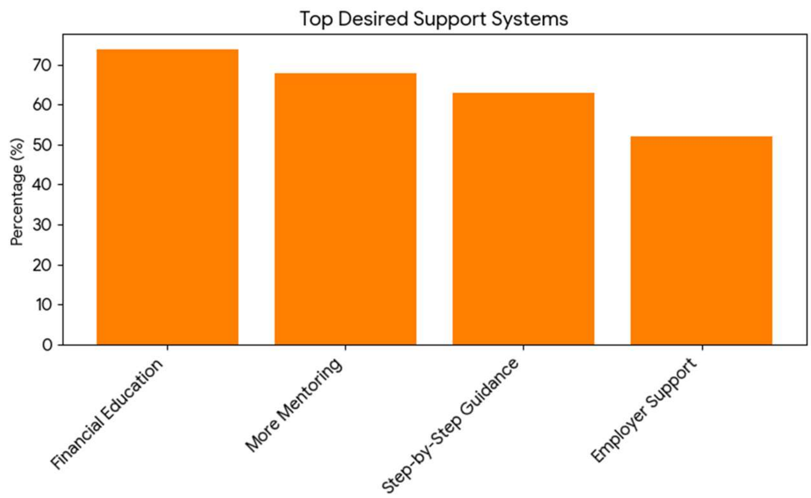


Figure 12. The main desired support systems that business owners wish they had as they made the transition.

Figure 12 highlights key areas that, as an industry, need to be clearly identified and consistently developed to ensure that individuals progressing from Farm Assistant through to Farm Manager are equipped with the minimum capabilities required for a smooth transition into business ownership. Establishing a well-defined baseline of skills, knowledge, and experience at each stage of the pathway will help create greater clarity and confidence for those looking to take the next step.

By effectively addressing these four areas, the industry can better prepare individuals for the commercial, operational, and leadership demands of ownership.

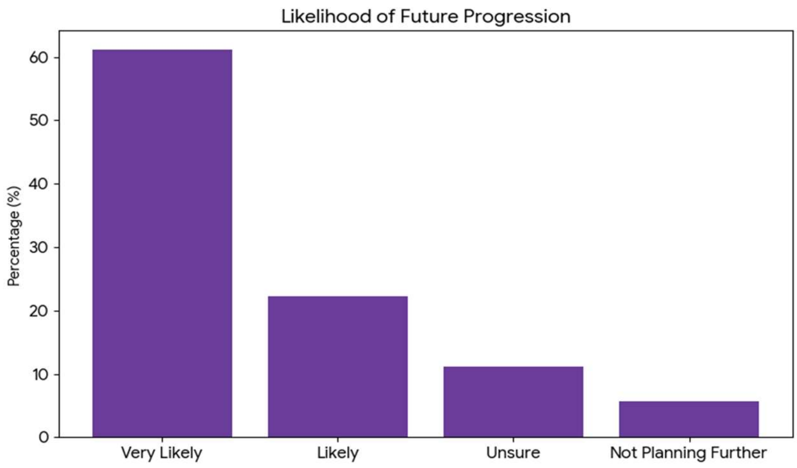


Figure 13. The likelihood of future progression for people that have already made that leap into business ownership.

Figure 13 indicates that most respondents remain highly ambitious and future-focused, reflecting a strong sense of purpose and direction within the industry. This forward-looking mindset suggests not only a commitment to personal progression, but also a broader dedication to the long-term sustainability and success of dairy farming. The results highlight that, despite challenges within the sector, there is a resilient core of individuals who are motivated to grow, invest, and build their future within the industry.

The following figures present data collected from the kaimahi survey

Figure 14. The responses when asked how confident they are of progressing in the dairy industry.

While 70% of respondents identified themselves as either “Confident” or “Very Confident” about progressing within the dairy industry, which is a strong positive indicator for the sector, a significant

33% reported feeling “Not Very Confident” (Figure 14). This highlights an important area of concern that the industry cannot afford to overlook.

These findings suggest that while ambition and motivation remain high, a sizeable proportion of employees may lack the support, clarity, or capability needed to confidently take the next step in their progression journey. This presents a clear opportunity for stronger mentorship, industry guidance, and support from industry bodies to ensure these individuals remain engaged within the sector long term.

By providing clearer pathways, practical support, and stronger development networks, the industry has an opportunity not only to improve retention, but also to help individuals build greater financial confidence and ultimately excel within their careers and business aspirations.

Figure 15. The responses when asked what their timeline is for advancing to the next step in their career.

Figure 15 shows real confidence in the dairy industry around the kaimahi expectations of advancing in the industry and that they expect to advance into contract milking or beyond in the short to medium period. This shows that with the progression model that dairy has to offer that it is working at retaining people and keeping them motivated in their roles.

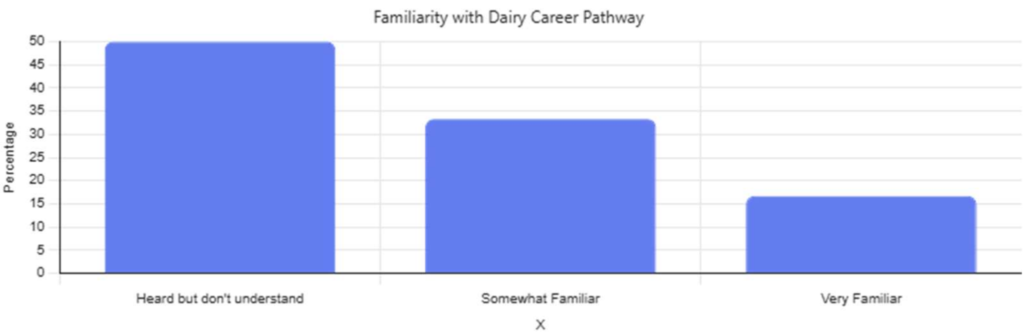


Figure 16. The responses when asked how familiar they are with the dairy progression pathway.

Figure 16 indicates that 50% of the respondents have heard of the dairy pathway progression but do not understand what is involved with the process, another 17% are “somewhat familiar” this shows that there is a need for a dedicated support and education pathways.

This is an area that could be involved right at the start to give Farm assistants the vision of what they are working towards.

Figure 17. The responses when asked if they could reach out to someone in the industry to help progress you through to contract milking.

It's encouraging to see that that 60% of respondents are either somewhat confident or very confident that they would be able to reach out to someone in the dairy industry to help them progress through to contract milking or beyond, however there is a gap with 40% either "don't know who to go to" or "somewhat unconfident" which shows that there is a network or connection gap (Figure 17). 'Other farmers' are our kaimahi biggest asset to helping them bridge the gap to becoming self-employed. This presents an opportunity for industry organisations to leverage existing peer-to-peer learning by connecting kaimahi who are unsure where to seek advice with experienced contract milkers, sharemilkers, farm owners, and other industry mentors. Facilitating these connections could improve access to trusted advice.

Respondents were asked, *“What do you see as the biggest barrier to progression?”* Three key barriers emerged as equally dominant, each being identified by approximately 60% of respondents. These findings closely reflected responses provided by business owners within the corresponding employer survey.

The three most commonly identified barriers were:

- Financial risk
- Lack of savings
- Limited progression opportunities

Respondents were then asked, *“How challenging do you think the financial requirements for progression are?”*

The responses indicated:

- 80% considered the financial requirements to be “challenging”.
- 20% considered them to be “extremely challenging”.

These findings suggest that financial preparedness remains one of the most significant barriers to progression within the dairy industry. The results also indicate there may be an opportunity for greater support and capability development during the earlier stages of progression, particularly from farm assistant through to herd manager level.

Encouraging financial literacy, structured savings habits, and clearer progression planning at these earlier career stages may provide several wider benefits for both individuals and the dairy industry as a whole. These include:

1. Creating tangible and achievable progression goals
2. Building confidence and motivation for continued development
3. Improving kaimahi engagement and retention within farming businesses
4. Strengthening long-term workforce retention across the wider dairy industry
5. Reducing progression barriers over time through improved financial preparedness and increased credibility with financial providers

Several interview participants also highlighted that individuals who demonstrate consistent financial discipline and long-term planning are often viewed more favourably by banks and farm owners when progression opportunities arise.

These findings suggest that employers and farm owners may have an important role to play in supporting progression conversations earlier within a kaimahi’s career. This could include mentoring, exposure to business discussions, financial planning support, and helping emerging leaders better understand the practical steps involved in progressing toward business ownership.

Figure 18. *This is a multi-choice questions that respondents ticked boxes for which source they got their information from to learn about progression.*

When respondents were asked where they currently get information about career progression (multi-select question, Figure 18), Rural Professionals and Other Farmers/Friends made up a significant proportion of responses.

However, it is important to note that a large percentage of respondents indicated they do not receive any information about career progression at all, highlighting a clear gap in access to knowledge within the industry.

Among those who selected "Other," respondents commonly identified social media platforms (e.g., TikTok) as a key source of information. This suggests that informal and non-traditional channels are playing an increasing role in how individuals learn about progression opportunities.

It is encouraging to see that employers and other farmers contribute a reasonable portion of information sharing. However, this support is often informal and unstructured, meaning that individuals may not be receiving consistent or comprehensive guidance.

This reinforces the need for a clear, structured progression system, which could improve accessibility, consistency, and understanding across the industry.

Figure 19. How respondents view the usefulness of industry tools.

A significant proportion of respondents indicated that, while industry resources and support tools are available, they were often not viewed as particularly useful in practice (Figure 19). Findings from this research suggest that this may not necessarily reflect the quality of the tools themselves, but rather a lack of understanding around how to effectively apply and maximise them within real-world progression decisions.

This concern was also reinforced throughout the industry interviews, where several participants highlighted that simply providing resources is not always enough. Greater emphasis may be needed on educating and guiding kaimahi on how to practically use these tools to support financial planning, progression decision-making, and business development.

These findings suggest that the industry may benefit from shifting focus from not only providing progression resources, but also ensuring emerging leaders have the capability, confidence, and support required to fully utilise their potential.

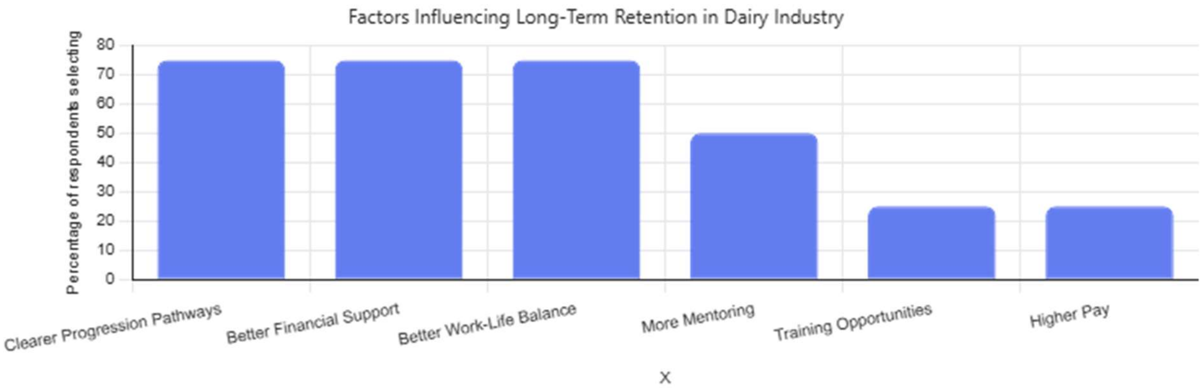


Figure 20. *The responses when asked what factors are influencing Long-term Retension in the dairy Industry.*

Figure 20 shows that when respondents were asked what would influence long-term retention in the dairy industry, the results fell into four key areas:

1. Clearer progression pathways
A clear and structured progression pathway was identified as a major factor influencing retention. Providing individuals with a defined career pathway or goal to work towards helps create purpose in their roles. It also gives meaning to decision-making and allows individuals to better understand how their current efforts contribute to long-term career success within the industry.

2. Better financial support
Financial support was also a significant factor. The evolution of dairy contracts, including options such as hybrid contracts, has created alternative entry pathways into roles such as contract milking or Variable Order Sharemilking (VOSM). These arrangements can reduce the need for large upfront borrowing by allowing farmers to front-load some financial commitments. In addition, earlier findings highlight the importance of starting financial planning early, with structured savings approaches supporting individuals as they progress into higher-responsibility roles.

3. Improved work-life balance

Work-life balance remains an important consideration for long-term retention. Dairy farming can be demanding and establishing fair and well-structured rosters plays a key role in improving balance. While some larger farms have the flexibility to implement practices such as skipping milkings, this is not standard across all farms in New Zealand. As a result, the nature of the work can sometimes feel restrictive on personal and social life, making balance an important retention factor.

4. More mentoring and guidance

Mentoring emerged as a consistently important theme throughout the project. Increased access to both formal and informal mentoring could significantly benefit both employees and farm owners. Regular check-ins, even on a bi-monthly basis, can help individuals stay on track with their goals, build confidence, and receive ongoing support as they progress through their careers.

Additional insight

Interestingly, higher pay was not identified as a major influencing factor. This suggests that if individuals feel supported, have clear pathways, and can maintain a sustainable work-life balance, financial reward alone is not the primary driver of retention.

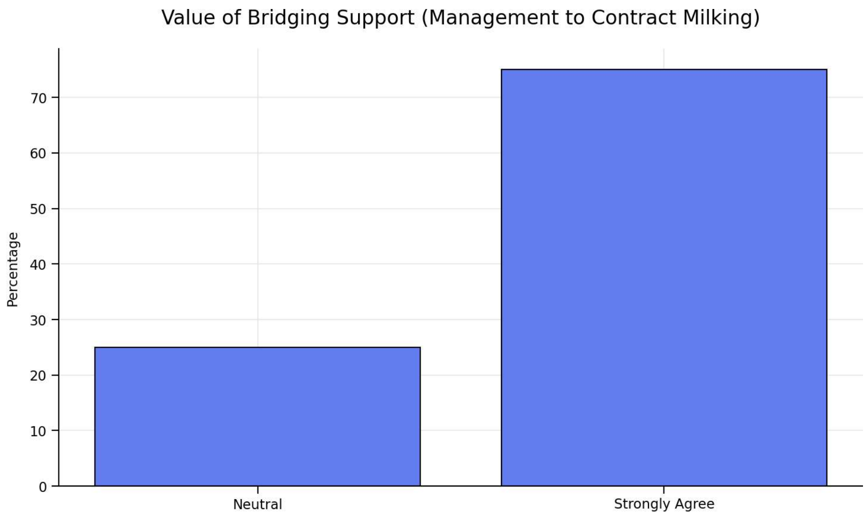


Figure 21. Respondents answers when asked if it was of value to have someone teach you the bridge between management and contract milking.

When respondents were asked whether it would be of value to have someone teach the transition between management and contract milking, the results were overwhelmingly positive (Figure 21). Seventy-five percent of respondents strongly agreed, while the remaining respondents felt neutral, and none disagreed.

This highlights a significant gap in the current system, where individuals may progress into management roles but lack the knowledge, guidance, and practical understanding needed to transition into contract milking or sharemilking roles.

The strong level of agreement suggests that there is a clear demand for structured support or education that bridges this gap, enabling individuals to move confidently from management into higher-level positions. This could take the form of mentoring, training programmes, or industry-led initiatives focused specifically on this transition stage.

This shows that there is a real gap in the market, and shows that an independent person coming onto farm would be of great benefit to the employer and employee.

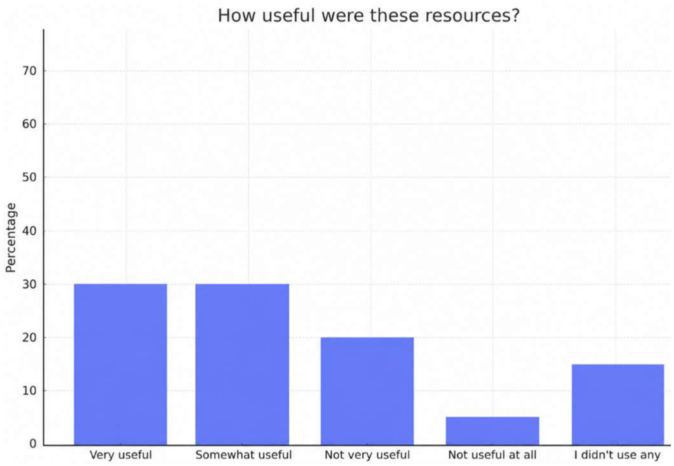


Figure 22. Respondents answers when asked how useful industry recourses were when progressing.

9.0 Findings and Discussion

This section presents the key findings gathered through both survey responses and semi-structured industry interviews. The findings explore how kaimahi within the dairy sector understand the progression from employee to business ownership, and identify the major barriers, support systems, and capability gaps influencing that transition.

The data highlighted several consistent themes across all participant groups. While many respondents remained ambitious and motivated to progress within the dairy industry, there was a widespread feeling of uncertainty around the practical and financial steps required to move from employment into contractual or ownership-based roles.

A recurring finding throughout both the survey and interviews was that progression within the dairy sector is often driven more by informal mentorship, exposure, and workplace culture than by a clearly understood industry pathway. Interview participants also identified significant gaps in foundational business capability, particularly in financial literacy, contract understanding, and long-term planning.

Despite these challenges, participants consistently viewed the dairy industry as a sector that still offers strong opportunity for progression and financial growth which is great for the sector. However, many felt that existing industry resources and support systems are not always visible, accessible, or effectively understood by those who need them most.

The following sections group the findings into key themes that emerged consistently throughout the research process:

1.Financial literacy gaps when progressing.

2.Lack of clear progression pathways

3.Leadership and mentorship importance for kaimahi.

4. Develop structured guidance to help farm owners assess whether contract milking is the right fit for their business, while improving understanding of the support, development, and progression requirements needed for contract milkers to succeed.

One of the themes identified throughout this research was the gap in financial literacy and business understanding when progressing from employee into contractual or business ownership roles. While the dairy industry provides a significant number of tools, resources, and support programmes, the findings suggest that many kaimahi either do not know these resources exist, do not fully understand how to use them, or struggle to apply them practically within real business situations. This creates a disconnect between the availability of support and the actual capability being developed within the industry.

Figure 22 supports this concern. When respondents were asked about the usefulness of industry tools and resources, a strong majority indicated that while they had used industry resources, they did not find them particularly helpful. Similarly, only 33.3% of respondents considered industry body resources "very useful," while 22.2% found them "not very useful," 11.1% had never used them, and 5.6% found them "not useful at all."

These findings do not necessarily suggest that the resources themselves are poor quality. Rather, they indicate that there is a major issue around accessibility, visibility, and practical understanding. This was reinforced strongly throughout the interviews. Interview participants highlighted that "the issue may not be the lack of resources but accessibility, visibility, and usability." They further noted that "a lot of awesome stuff gets created… but how many farmers know about it?"

This disconnect becomes particularly important when looking at financial progression into contract milking or sharemilking. Financial and business literacy as "the number one issue" facing new entrants into business ownership. Her interview highlighted that many new contract milkers sign agreements without fully understanding budgets, profitability, tax obligations, or cashflow requirements.."

The survey results support these concerns directly(Figure 10). Financial risk was identified as the strongest barrier to progression, with 68% of respondents selecting it as a major challenge. Additionally, when respondents were asked how challenging they believed the financial requirements for progression were, 80% described them as "challenging," while the remaining 20% considered them "extremely challenging."

Importantly, the findings suggest that many individuals are still learning about progression informally through other farmers, neighbours, friends, or social media rather than through structured education systems. While these informal networks remain valuable and is still a real strength to the dairy industry, they can create inconsistency in the quality and accuracy of information being shared. Interview participants reinforced this concern, stating that many people rely too heavily on trust rather than verification when entering contracts, often without obtaining independent financial or legal advice.

The research therefore suggests that the issue is not simply a lack of information, but a lack of structured financial education and guided application. Industry programmes such as BizStart, BizGrow, DairyBase, and Contract Milking courses already exist, however engagement and understanding remain inconsistent.

Ultimately, this project highlights that bridging the gap between employee and employer requires more than operational capability alone. The industry has become highly effective at developing technical farming skills, but there remains a significant gap in developing the financial literacy, business understanding, and commercial confidence required to transition successfully into business ownership. Without clearer and more structured financial education pathways, there is a risk that individuals continue progressing into complex contractual arrangements, such as hybrid sharemilking, without fully understanding the financial realities and risks involved.

A strong theme emerging from both the kaimahi survey and the existing business owners survey was the widespread feeling of being financially unprepared for the transition into business ownership roles. Respondents to both surveys consistently identified concerns around financial readiness and business capability, requirements involved in progressing into contract milking and higher-order ownership structures.

Importantly, these findings suggest that this feeling of unpreparedness is not a new issue within the dairy industry. Despite contract milking and sharemilking structures existing for many years, the same concerns continue to persist across generations of industry participants. This indicates that the industry may still lack a clearly understood and effectively supported progression pathway for those moving from employee to business owner, by having this we could dramatically reduce the number of contract milkers and the likes from failing in their business and leaving the dairy industry all together.

These survey findings were strongly reinforced through the interview with the interview participants , who identified financial literacy and business preparedness as one of the largest capability gaps she sees within the sector**.** They estimated that approximately 90% of clients transitioning from employee to business ownership require significant support after entering contractual arrangements. Key issues identified included poor understanding of cashflow management, little or no financial planning, lack of tax awareness, unrealistic levels of starting capital, and limited due diligence prior to signing agreements.

A particularly important insight from the interview was the observation that many new entrants seek professional financial advice only after contracts have already been signed, with advisors often becoming, the “ambulance at the bottom of the cliff.” This highlights a reactive rather than proactive approach to business preparedness and reinforces the need for earlier education, mentorship, and structured support before individuals commit to contractual business arrangements.

This theme was further supported through the interviews, who identified a significant decline in formal industry training participation over the past decade. Stating that “a decade ago there were 8,000 people signing up for that formal education,” compared with approximately 900 participants this year. This dramatic reduction in engagement with formal training pathways may be contributing to the growing capability gap being experienced across the industry.

The decline in participation suggests there is a substantial opportunity for the dairy sector to better support kaimahi through more accessible, visible, and practical development programmes. Without rebuilding engagement in foundational training and business capability development, there is a risk that more individuals will continue progressing into higher responsibility roles without the financial understanding, strategic planning skills, and confidence required for long-term success. This is where as industry leaders we need to see learning not as an expense but as a return on investment. It is clear to see that the industry bodies are playing their role in offering farmers resources to enhance their capability in these spaces, in the likes of BizStart, BizGrow, Biz by Numbers, Contract milking 101.   However this is where it sits with the managers and farm owners to be playing their part to keep educating their kaimahi.

2. Lack of clear progression pathways

After reviewing the evidence gathered from the literature review, surveys, and industry interviews, one of the clearest findings to emerge from this project is the importance of creating clearer and more practical progression pathways within the dairy industry.

When progression pathways are visible and achievable, employees are more likely to remain invested in both their current farm and the wider dairy industry. This aligns strongly with the survey findings. Respondents identified clearer progression pathways as one of the most crucial factors influencing long-term retention within the dairy industry. At the same time, Figure 16 showed that 50% of respondents had heard of dairy progression pathways but did not understand what was involved in the process, while only a small percentage considered themselves “very familiar” with the pathway. This highlights one of the central issues identified throughout the project: the pathway itself still exists, however the practical understanding of how to navigate it is unclear for many kaimahi.

The challenge is not necessarily a lack of ambition, but rather a lack of visibility around the steps required to progress from Farm Assistant through to Contract Milking, Sharemilking, and beyond. This is where a "Bridging the Gap" roadmap could provide significant value.

The interviews reinforced this finding further. An interview participant suggested that one of the most valuable opportunities for the industry would be to work alongside organisations such as DairyNZ to create a practical “Bridging the Gap” roadmap for employees. This would be relatively low-cost initiative where the framework could clearly outline each stage of progression, explain the expectations and skills required at each level, and provide direct links to relevant resources, training, financial tools, and support networks.

3. Leadership and mentorship importance

Leadership and mentorship emerged as one of the strongest and most consistent themes throughout this research, appearing repeatedly across the literature review, survey responses, and industry interviews. The findings suggest that progression within the dairy industry is not necessarily limited by ambition, but rather by the level of support, guidance, and leadership individuals receive throughout their careers.

Work-life balance also appears to play a significant role in this issue. As dairy farms become larger and operational demands continue to increase, many managers are balancing day-to-day farm responsibilities, staff management, and wider business pressures. This can reduce their ability to step back from operational tasks and invest meaningful time into mentoring and developing their staff. As a result, while employees may remain enthusiastic about the dairy industry itself, they can become disconnected from their immediate workplace experience.

This aligns closely with findings from the (DairyNZ 2024) survey discussed within the literature review, where younger employees were found to be highly positive about the dairy industry overall, but less positive about their individual on-farm experience. This suggests that employees continue to see long-term opportunity within dairying; however, the quality of leadership, mentoring, and workplace culture on-farm may strongly influence whether they remain engaged and continue progressing.

The survey findings within this project further reinforce this theme. When respondents were asked what would most influence long-term retention within the dairy industry, clearer progression pathways, better work-life balance, stronger financial support, and increased mentoring or guidance emerged as the dominant factors. In addition, 75% of respondents strongly agreed that there would be value in having someone specifically guide and support the transition between farm management and contract milking.

These findings suggest there may currently be a gap between operational leadership and progression leadership within the dairy industry. While many farm managers are highly skilled operators, there appears to be less structured development focused on coaching, mentoring, and preparing the next generation of dairy leaders. Progression requires more than technical competence; it also requires confidence, leadership capability, and access to people who can provide guidance through the challenges of career advancement.

Interview Participants also raised concerns regarding the rapid decline in participation within formal agricultural education and training programmes. He questioned whether labour shortages, combined with declining engagement in formal training, may be contributing to employees progressing through the system more quickly without receiving the leadership development, business understanding, and mentoring support required to confidently transition into higher-responsibility roles. He also highlighted a potential long-term consequence of this trend: future farm managers may have had limited exposure to strong leadership and mentorship models throughout their own development, reducing their ability to provide the same support to the next generation.

Together, these findings suggest that mentoring can no longer be viewed as an optional extra within dairy farming. Instead, it needs to become a deliberate and structured component of progression planning. Strong mentorship not only supports individual development, but also strengthens capability, confidence, and retention across the wider industry. This isn't just a farm owners responsibility but industry organisations need to take responsibility also ,the likes of NZ young farmers or Dairy Womens Network would be ideal candidates for this, without greater investment in leadership development and mentoring systems, the dairy sector risks creating technically capable operators who may lack the support and guidance required to successfully progress into leadership and business ownership roles.

This concern was further reinforced by participants, who highlighted the growing importance of people leadership skills as farm teams continue to expand and diversify. In response to this need, Primary ITO has relaunched micro-credentials and leadership certificates aimed at strengthening team leadership capability across the dairy sector. This demonstrates growing recognition that developing future dairy leaders requires deliberate investment in leadership capability, not just technical farming skills.

Develop structured guidance to help farm owners assess whether contract milking is the right fit for their business, while improving understanding of the support, development, and progression requirements needed for contract milkers to succeed.

Another recurring theme throughout the interviews and survey was the important role farm owners play in shaping the success of future business owners. While much of the industry's focus is placed on preparing employees for progression, the findings suggest equal consideration should be given to how farm owners support and guide aspiring business owners through the progression process.

Several interview participants highlighted that many first-time contract milkers, lower-order sharemilkers, and sharemilkers place a significant level of trust in the farm owner throughout the transition process. For many, the farm owner is not only providing an opportunity, but also acting as a mentor, advisor, and source of guidance when navigating what can be one of the most significant career and financial decisions of their lives.

However, Participants highlighted that many farm owners themselves do not fully understand contract structures, legal obligations, or the realities faced by first-time contract milkers the research suggests there is currently limited structured support available to help farm owners understand how to effectively develop, assess, and prepare aspiring business owners for progression opportunities. As a result, the quality of support provided can vary significantly depending on the individual farm owner's experience, leadership capability, and understanding of the progression process. This concern was reinforced through the learning institute interviews, where it was discussed that some employers move toward contract milking arrangements primarily to offload operational responsibility, rather than because they are genuinely prepared to support the progression and development of the incoming operator.

The findings indicate that successful progression requires more than simply offering a contract or progression opportunity. It requires deliberate conversations around readiness, expectations, financial capability, risk management, business planning, and long-term goals. Without these discussions, there is a risk that individuals may enter contractual arrangements without fully understanding the responsibilities and commitments associated with business ownership.

Interview participants also highlighted that progression decisions should be viewed as a partnership rather than a recruitment exercise. The negotiation process provides an important opportunity for both parties to assess alignment, discuss expectations, identify capability gaps, and determine what support may be required to set the relationship up for long-term success. This includes helping aspiring business owners understand the practical realities of budgeting, cashflow management, people leadership, contractual obligations, and business risk.

Interview participants see areas to help provide support for farm owners by suggesting Industry organisations such as DairyNZ, Federated Farmers, Primary ITO, and rural professional groups should explore the development of:

- Farm owner discussion groups focused on progression planning
- Contract milking negotiation & onboarding workshops
- Leadership and mentoring development programmes
- Education around sustainable contract structures
- Guidance around expectation setting and communication

These findings suggest there is an opportunity for the dairy industry to place greater emphasis on supporting farm owners to become effective progression partners. By equipping farm owners with the tools, resources, and frameworks required to guide aspiring business owners through the negotiation and transition process, the industry may improve progression outcomes, strengthen business relationships, and increase the long-term success of future dairy business owners.

10.0 Conclusion

This research set out to understand how well the progression pathway from employee to business owner is understood within the New Zealand dairy industry and to identify opportunities to better support those making that transition.

The findings suggest that New Zealand dairying continues to offer one of the strongest and most accessible progression pathways within the agricultural sector. The ability for individuals to enter the industry at an operational level and progress toward business ownership remains a defining strength of the New Zealand dairy model and a significant point of difference when compared with many other industries. Encouragingly, the ambition, motivation, and desire to progress remain strong amongst kaimahi, demonstrating that the aspiration to advance through the industry is still very much alive! The research identifies a clear gap between the existence of progression opportunities and the level of understanding required to successfully navigate them, which isn't anything new for the industry, this has been the case for many years.

While many individuals recognise that progression pathways are available, there remains a need for greater support to ensure they fully understand the financial, contractual, operational, and leadership responsibilities associated with business ownership. Financial literacy, mentorship, access to trusted advice, and practical guidance consistently emerged as critical factors influencing successful progression.

Addressing these challenges presents a significant opportunity for the dairy industry. Strengthening progression support has the potential to improve workforce retention, increase the success of new business owners during the critical early years of operation, and develop a more capable, confident, and resilient generation of future industry leaders. More importantly, it can help ensure that progression remains achievable and sustainable for those who aspire to take the next step. The research strongly suggests that bridging the gap between employee and employer is not simply about creating more opportunity, but about improving understanding of how to progress through the system. A consistent theme throughout the interviews was the importance of "purpose." Participants repeatedly highlighted that individuals are more engaged, motivated, and committed when they can clearly see what they are working toward.

The opportunity is not to create new pathways, but to strengthen and clarify the pathways that already exist. By improving visibility, increasing access to practical education, formalising mentorship opportunities, and supporting stronger partnerships between farm owners and aspiring business owners, the industry can better prepare individuals for long-term success.

The pathway that has shaped generations of dairy farmers is still alive and well. The challenge now is to make it clearer, more accessible, and better supported for those who follow. By investing in people, strengthening partnerships, and creating greater confidence in progression, the industry has an opportunity to develop not only the next generation of business owners, but the next generation of innovators, leaders, and custodians of New Zealand dairying. If we get this right, we will do far more than bridge the gap between employee and employer, we will build a stronger, more capable, and more prosperous dairy industry for generations to come

11.0 Recommendations and Next Steps

1. Develop a National "Bridging the Gap" Progression Framework

One of the clearest findings from this project was that many kaimahi understand progression exists within the dairy industry, but do not understand how to navigate it practically. A nationally recognised progression framework should therefore be developed in partnership with organisations such as DairyNZ, industry leaders, accountants, rural professionals, and farm owners.

This framework should:

- Clearly outline each stage of the progression process
- Explain the expectations, responsibilities, and risks at each level
- Identify the financial, operational, and leadership skills required before progressing
- Link individuals directly to existing resources such as BizStart, BizGrow, DairyBase, Contract Milking 101, and financial planning tools

The research suggests the pathway itself is still strong, however visibility and practical understanding are lacking. A structured framework would help remove assumed knowledge and provide kaimahi with clearer direction when they want to decide to move from employee to business owner.

2. Introduce "subsidised" initial Financial Readiness Education Before Contract Entry

The findings strongly identified financial literacy as one of the largest capability gaps within the industry. Many individuals are entering contractual arrangements without fully understanding cashflow, taxation, budgeting, debt servicing, or profitability.

To address this, any lending bank should introduce a recommended or "subsidised" financial readiness programme prior to entering, Contract milking or Variable/ 50:50 order sharemilking

This programme should include:

- Cashflow management
- Budget building and stress testing
- Tax obligations and ACC understanding
- Understanding debt and capital requirements
- Contract interpretation and due diligence
- Risk management and contingency planning

The programme should be practical and scenario-based rather than purely theoretical. This recommendation directly addresses interviewees and survey responses concerns around financial knowledge.

The recommendation is for a course that is available to potential first time ag business owners that is recognised by banks, if this course has been proven to be taken by a potential business owner a higher value or less risk rating should apply to these potential contract milkers/LOSM, which helps them borrow more or at a lower interest rate. Lending business don't have to reinvent the wheel but leverage industry courses currently in being taught.

3. <u>Formalise Mentorship Within Dairy Progression Systems</u>

A strong and consistent theme identified throughout this research was the importance of mentorship, leadership development, and structured support within the dairy progression pathway. While informal mentoring relationships exist within the industry and is a true strength to the NZ dairy industry there is a strong opportunity for industry organisations and farming businesses to establish more formalised mentorship and leadership development systems. These programmes should intentionally connect aspiring business owners with experienced contract milkers, sharemilkers, farm owners, and industry professionals who can provide practical guidance throughout the progression journey. Importantly, mentorship should not finish once a contract is signed but continue through the early years of business ownership where financial pressure, people management responsibilities, and operational demands often increase significantly.

Based on the findings of this research, several key opportunities were identified to strengthen progression pathways within the New Zealand dairy industry.

1. **Formalise Mentorship Programmes**
   It is advised that industry bodies establish structured mentorship programmes that connect aspiring business owners with experienced contract milkers, sharemilkers, farm owners, and industry professionals. These programmes should provide support around progression planning, financial and people management, contractual guidance, and wellbeing during the early years (1-5 years) of business ownership. In addition, organisations such as Primary ITO should develop a formalised government accredited agricultural leadership programme to improve consistency in mentoring, leadership, and progression support across the dairy sector.
2. **Utilise Farmer-Led Learning and Storytelling**
   Develop practical learning content such as interviews, podcasts, short-form videos, and case studies featuring current contract milkers, sharemilkers, and farm owners sharing real-world experiences and lessons. This would help normalise conversations around financial preparedness, leadership development, and progression planning while making industry support more relatable and accessible. Linking this content directly to existing training programmes and support resources would also strengthen engagement and help address key finding one around the lack of clear and structured progression pathways within the industry.
3. **Improve Visibility and Delivery of Existing Industry Resources**
   It is advised that DairyNZ increase their budget for promotion and accessibility of existing programmes such as BizStart, BizGrow, and Contract Milking 101. Resources should be delivered earlier and more strategically during key seasonal decision-making periods so aspiring business owners can better prepare before entering contractual discussions, these courses are too restricted and need to be more of them.

The research suggests the industry does not necessarily lack progression opportunities, but rather structured support around those opportunities. Strengthening mentorship, leadership capability, and resource delivery would help create a more prepared, resilient, and sustainable generation of future business owners.

11.1 Final Next Step

Convene an industry working group consisting of DairyNZ, Primary ITO, Dairy Training, rural accountants, rural banks, farm owners, contract milkers, and sharemilkers to prioritise and implement the recommendations arising from this research.

This would turn the report from identifying issues into creating a practical pathway for industry-wide change.

12.0 Limitations of this Study

While this research provided valuable insights into the progression pathway between employee and employer within the dairy industry, several limitations should be acknowledged.

One of the primary limitations of this study was the sample size, particularly within the kaimahi survey. While there were 41 total respondents across both surveys, only nine responses were received from kaimahi currently working within the industry. A larger response group would have strengthened the reliability of the findings and provided a broader understanding of the challenges, perceptions, and experiences faced by employees progressing through the dairy industry.

This project also focused primarily on the transition into contract milking and business ownership within the New Zealand dairy industry. As a result, the findings may not fully reflect progression experiences across other forms of business ownership pathways, such as succession planning, equity partnerships, or farm leasing arrangements.

Despite these limitations, the research still identified several strong and consistent themes across the literature review, interviews, and survey findings. The consistency of these themes suggests that the issues identified throughout this project are both relevant and significant, and warrant further industry discussion, research, and investigation.

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