Eastbourne Dairy Farm – Shareholders Visit March 4th 2015

Fourteen shareholders took advantage of the opportunity to visit their farm. We met at 1.pm and were welcomed by our Sharemilkers Ben and Penny who gave us an update of progress on the farm for the season to date as follows:

Overview of the 2014/15 season to date:

The 2014/15 season has been a challenging one. Winter was mild, which allowed us to feed the cows well on crop and get them to a good body condition prior to calving. August, the start of calving, was wet and cold. We housed the freshly calved cows in the barn to prevent pugging damage to the pasture. The annual rainfall in Southland is around 1200mm, 600mm of which fell in the months of October and November. The wet conditions meant cows didn't graze their pasture down fully, and it was too wet to mow behind them to ensure good residuals.

When the soil began to dry out in December, the grass went to seed and dropped in quality. January was dry (40mm rain), and the grass growth slowed leaving us with a feed deficit for several weeks. The weather in Autumn has improved greatly, and we are building up a good cover of grass to reduce the amount of balage required to extend lactation through to 31 May.

Stock

Eastbourne currently has 486 cows on farm. 480 are milking into the vat, and 6 are dry.

Cow condition is extremely good, with most cows at a body condition score between 4.5 – 5. Target BCS at calving is 5, so there won't be a struggle to put on condition over winter, as the cows will be dried off close to the ideal.

There are 111 heifer calves grazing at the run-off. 82 were reared on farm, and 30 purchased on 1 December. Once has since died. Eastbourne doesn't own any R2s, and will purchase 70 – 80 in-calf heifers on 1 May 2015.

Calving

Calving is always a busy time of year, and was made more challenging as the cows the farm had purchased came from a rotary shed. This meant all 500 cows and heifers needed to be trained to walk into the herringbone and row up for milking.

The calves were reared well, achieving an average weight of 125kg on 8 December. A good 23kg ahead of the average weight required.

Mating

Eastbourne Dairy Farm had a successful mating this season. We did 6 weeks of artificial breeding (AB), 4 weeks with the bull, then 3 weeks of short gestation AB. By doing an extra week of short gestation AB at the end of mating, this reduces the number of empties, and therefore the number of heifers Eastbourne will need to purchase for the 2015/16 season.

6 week in-calf rate = the percentage of the herd that gets in-calf during the first six weeks of mating

The 6 week in-calf rate is one of the most powerful indicators of how well a farm is operating. Much more than a basic measure of fertility, it also delivers:

- more days in milk in early lactation
- more AB replacements (to keep or sell)
- fewer empties (less wastage)

Results:

	Eastbourne 14/15	Industry target	NZ 2011 Top 25%	NZ 2011 average
6 week in-calf rate	**78%**	78%	75%	66%
Empty rate	*TBC. Predict 8%*	6%	10%	13%

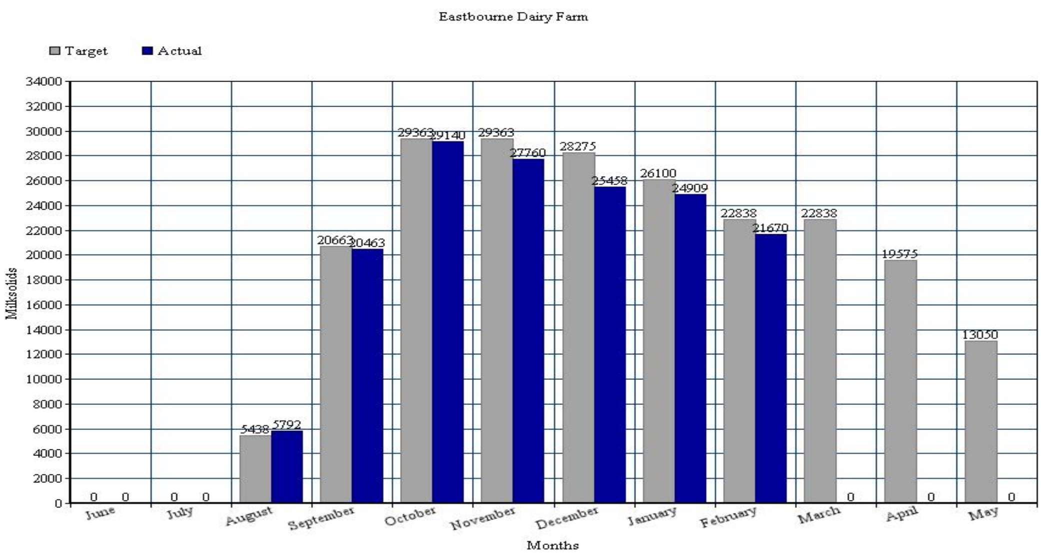
Comment from our vet:

Awesome result. You are among the top 12.5% of the country with this result. When taking into account that this is the first season for you on this farm and that previous operators have struggled to get anywhere near this you should be very very proud of this result.

Production

Target production for Eastbourne Dairy Farm is 217,500kgMS. This is based on 500 cows doing 435 milksolids each.

At 28 February milk production is -4.2% behind target. Given the difficult growing season, Eastbourne's production is in line with other Southland farms.



28 February YTD target: 162,040kgMS

28 February YTD actual: 155,193kgMS

Difference: -6847kgMS

Open Country Dairy pays a premium for milk with a low somatic cell count (SCC); a measure of white blood cells in the milk. Eastbourne has the 4th lowest SCC out of the 149 suppliers providing milk to the Awarua plant and has achieved the $0.08 premium for the majority of the season.

For the 128,937 solids supplied October - February, this equates to an additional $10,315.

Run-off
The run-off block is 70Ha, 22Ha of which is in crop for winter. The calves graze approximately 12Ha of grass, and the remaining 30Ha is cut for balage. The yards have been renovated to allow easy handling of young stock

Summary
The climatic conditions and new herd made the first half of the 2014/15 season very challenging. However, as the saying goes "Southland might get you down, but it will never let you down", the second half of the season is shaping up well.

If the good Autumn growth continues we can keep our cull cows milking longer, and make up for the loss of milksolids earlier in the season.

Along with our farm consultant Jack Ballam Ben and Penny answered all questions.

After inspection the milking shed and effluent system we had a tour for the farm and got up close with some of the herd and then carried on to inspect the runoff.

Among the shareholders visiting the farm were a couple of experienced dairy farmers who remarked very favourably about the condition of the farm and the stock. They were also high in their praise of Ben and Penny.

Regards

Richard Bourne
Marketing Manager