

Broadband Capacity does help increase the bottom line



Presented by: Gavin McEwen
Business Manager Farm Software



MOVEMBER

CHANGING THE FACE OF MEN'S HEALTH



Snapshot of LIC

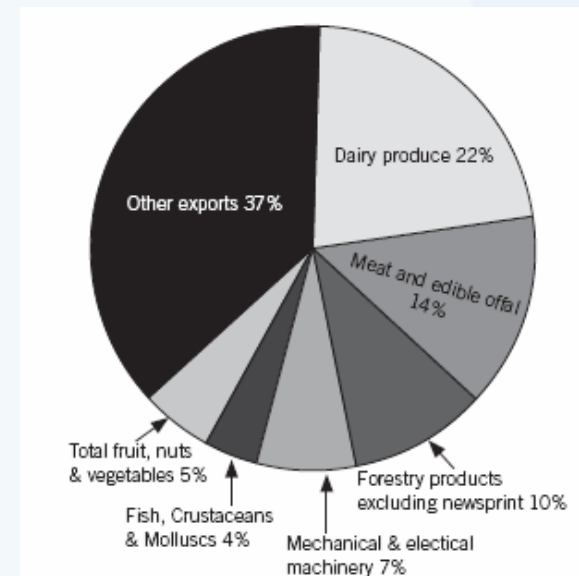
- Farmer owned Co-op
- 550 Staff
- \$150m Turnover
- **Three out of every four** dairy cows being milked on New Zealand dairy farms are sired by a LIC bull.
- Over **2.5 million dairy cows** each year are now artificially inseminated with semen from the Premier Sires team.





Snapshot of Dairy Industry

- Dairy Produce - 22% of NZ Exports
- Produce 1.7m Tonnes worth \$10.5b
- 8th largest dairy producer in world
- 5.6m Dairy Cattle
- Average Herd Size - 351 cows
- Average Cow – 3,567 litres of milk p.a
- & 330kg Milk solids



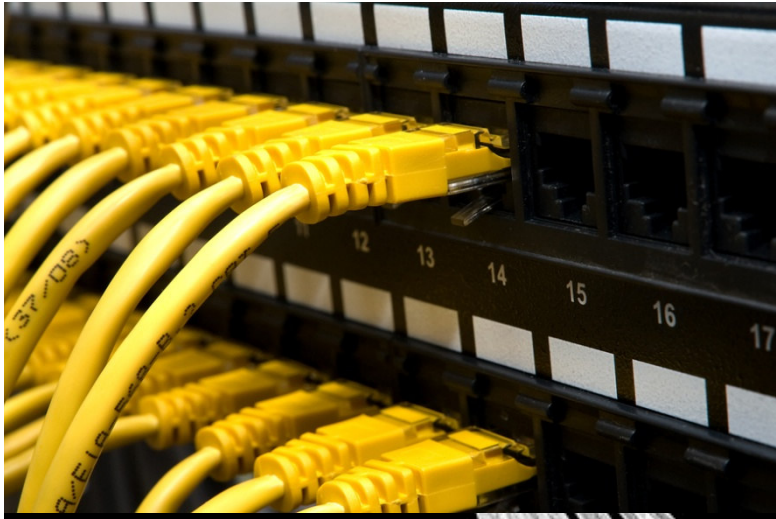
Broadband Internet

Broadband is a service or tool....

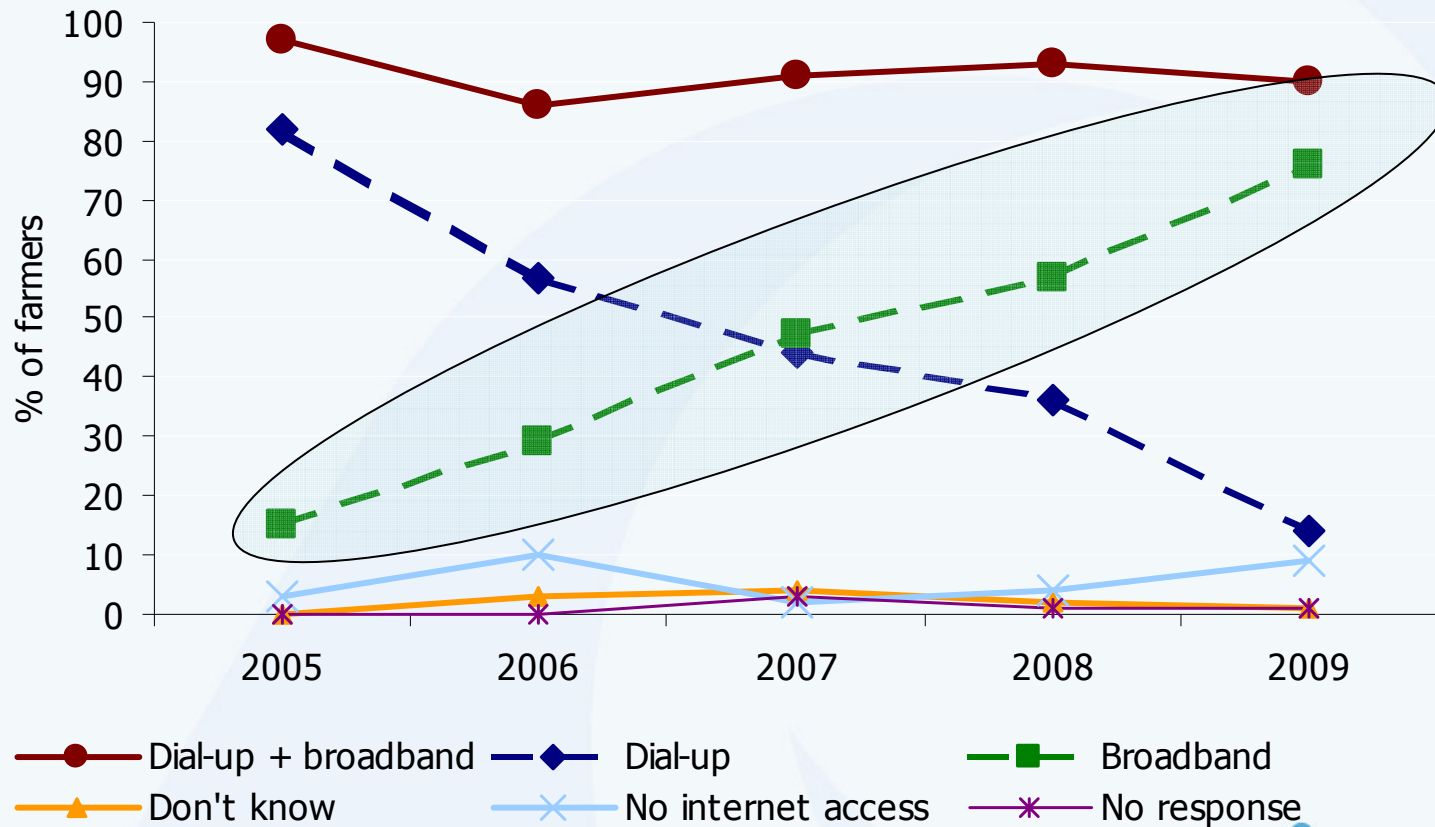
It is an enabler,
nothing more,
nothing less.



Plumbing Job



Broadband Uptake - Dairy



Rural Broadband Initiative

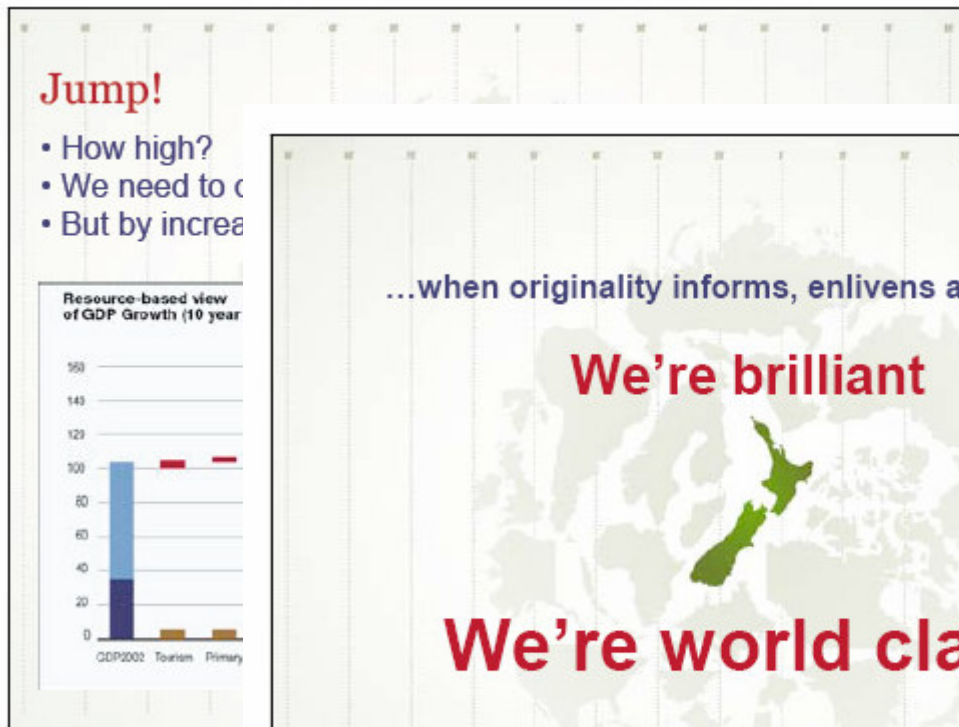
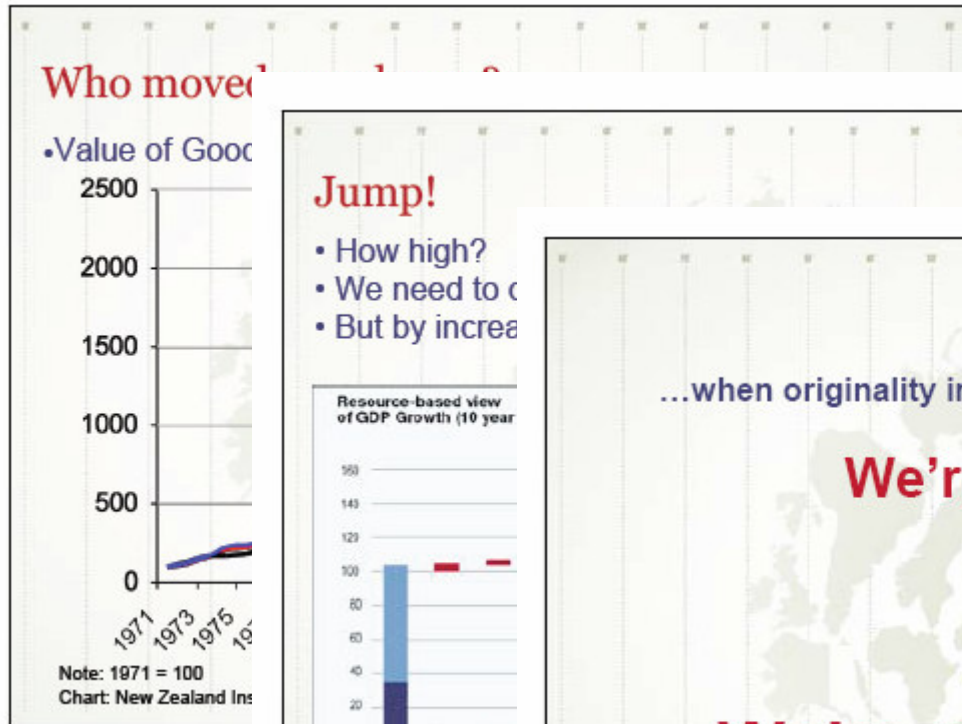
- In Farming terms we are going from;

20mm

200mm



Rod Oram -2007



...when originality informs, enlivens all we do...

We're brilliant

We're world class

..its not all about the size of your pipe

.....benefits of the Internet are derived not from the infrastructure, but from the applications that utilise this connectivity.

... Merely because applications exist, it does not follow they will be utilised... ..applications must have tangible benefits

We Need more

- Rural NZ produces 64% of our Export \$
- 11,000 Dairy Farmers (2% of all NZ businesses) produces 22% in Value
- \$300m vs. \$1.5bn ?

Why More?

- Govt & Private Investment in Agriculture makes sense and is secure / low risk.
- Potential ROI is greater than other sectors



Where & How

- Greatest Potential to Increase NZ Inc's profitability lies within
 - Dairy Industry
 - Red Meat Industry
- Yes – increased Broadband Capacity
- ALSO INCREASE
 - R & D, Science
 - Extension and Delivery
- Creates Synergistic Effect





LIC (Livestock Improvement Corporation)

.....New Zealand leads the world in the technology-enabled conversion of grass to protein.....

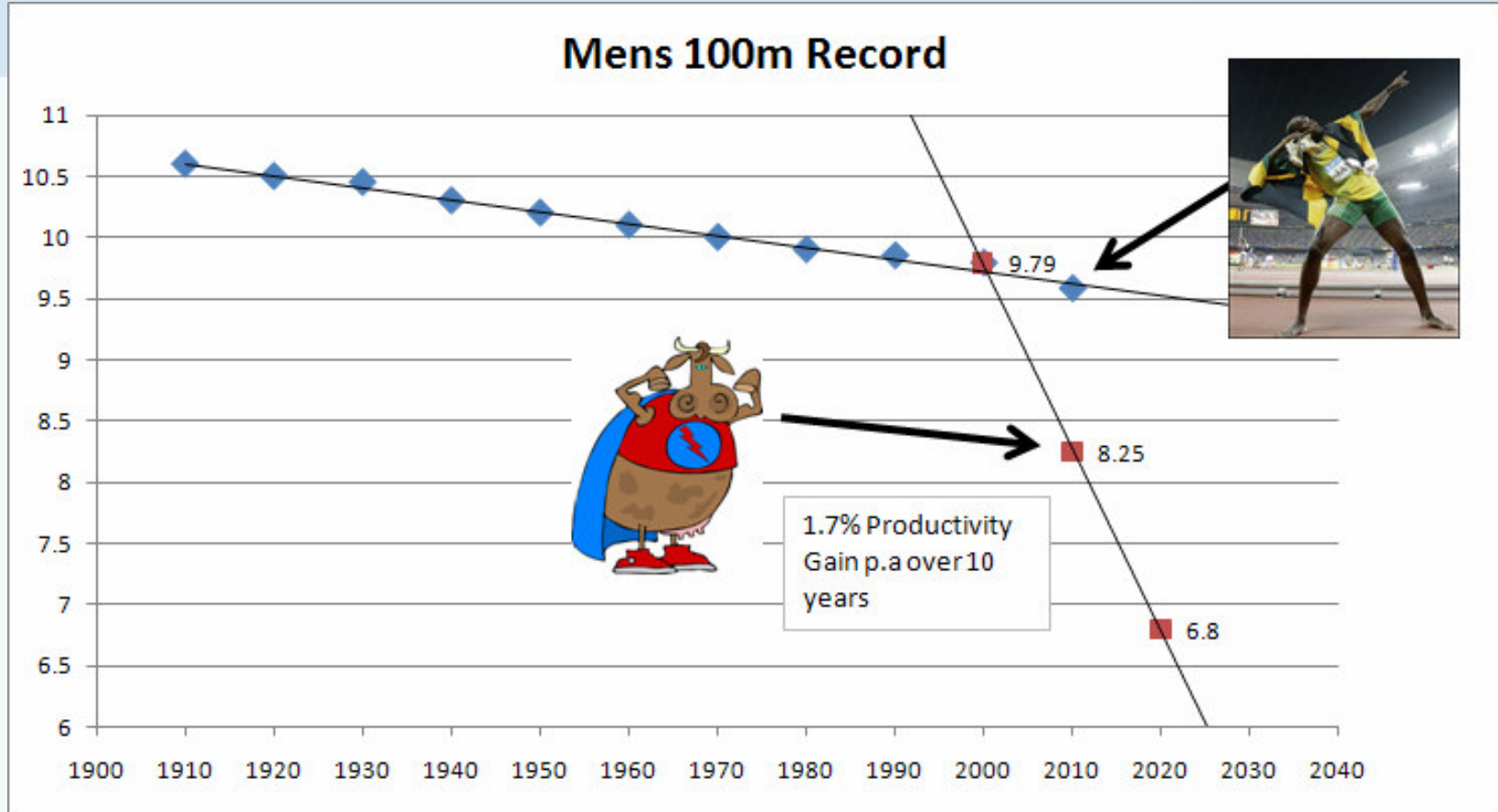
....this farmer-owned co- operative (LIC) has, through its work in artificial breeding and farm- automation technology, **probably single-handedly aided New Zealand's wealth more than any other company.**

.....figures show the annual productivity improvement per cow in New Zealand (that is, the amount of milk solids produced per udder per year) has improved at 1.7 per cent per annum compound over the last decade.two-thirds of that growth came from its own work improving the genetic makeup of our dairy herds.

The Independent Financial Review — BUSINESS — 15 OCT 2009 — Page 32



1.7% in perspective



1.7% Productivity Gain p.a

\$33

\$11,500

\$132,000,000



Livestock Improvement Corporation

**IMPROVEMENT
IS OUR
MIDDLE NAME**



How is that Achieved?

MINDA



On Farm
Computer




LIC National
Database



Production Worth (PW)

- The New Zealand dairy industry's breeding objective is to identify animals whose progeny will be the most efficient converters of feed into farmer profit.
- A PW of 145 indicates a Cow is expected to generate an extra \$145 profit per year, per unit of feed, on average over her lifetime, more than a cow with a PW of 0.

ABC of Herd Improvement

	<u>PW(\$)</u>		<u>PW(\$)</u>
Cow 6	152/75	Cow 6	152/75
Cow 10	124/54	Cow 10	124/54
Cow 7	119/20	Cow 7	119/20
Cow 9	100/70	Cow 9	100/70
Cow 1	99/19	Cow 1	99/19
Cow 3	96/53	Cow 3	96/53
Cow 2	92/20	Cow 2	92/20
Cow 8	91/19	Cow 8	91/19
Cow 4	88/17	Cow 4	88/17
 Cow 5	68/64		
AVERAGE 103/41			

Increased PW of Herd 7.8%



Genes are good, but.....

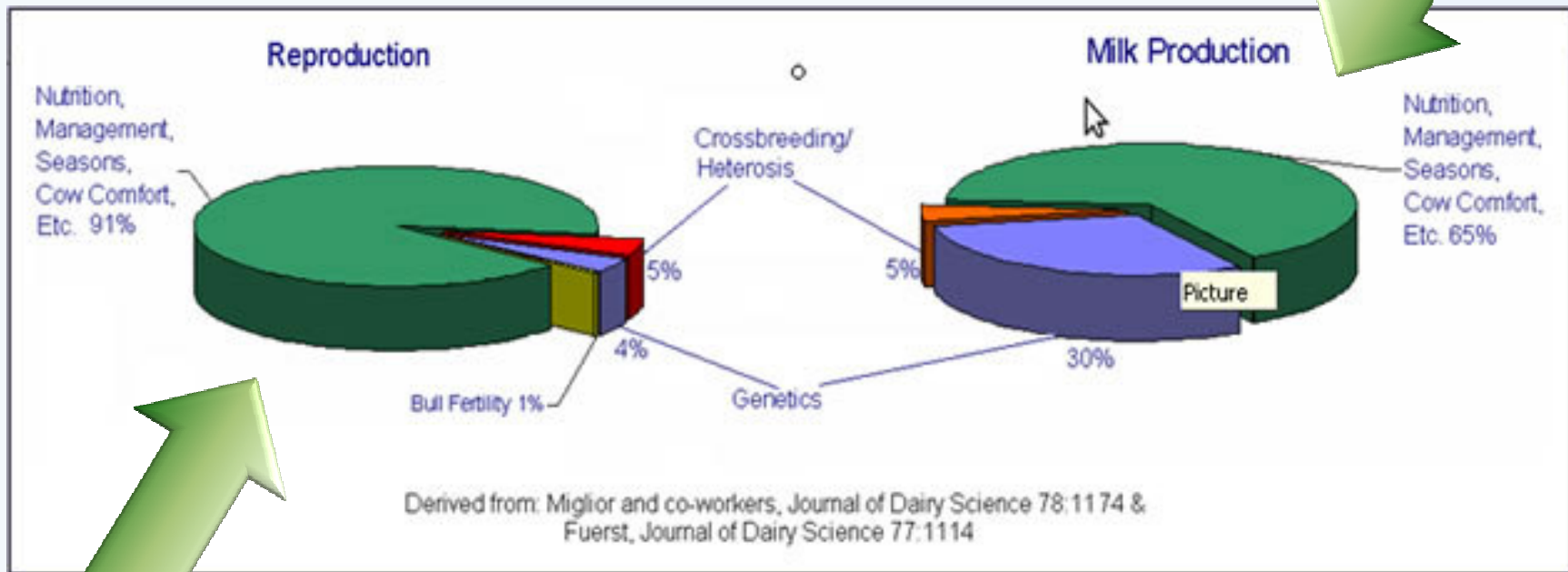
- “At the end of the day, good genetics are just providing the potential.....

How the animal is fed and looked after on the farm are important in harnessing that potential and in contributing to real economic outcomes”

Dr Geoff Nicoll, Head of Landcorps’ Genetics and Nutrition Unit



Other factors are more important...



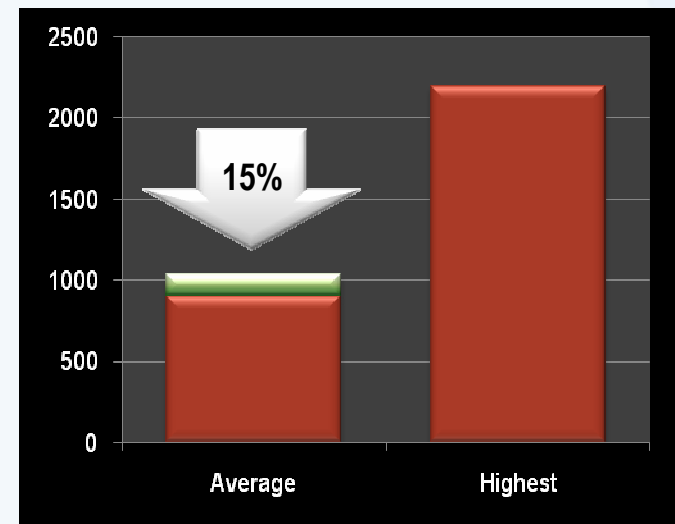
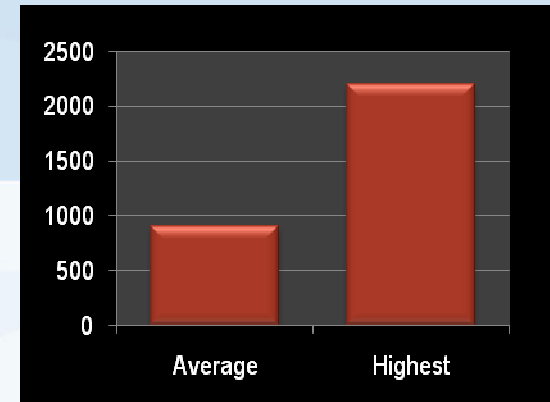
No names, just numbers, more data

1,000 cow herd 100 cow herd "Average" herd



Room to Improve

With regard to anticipated productivity increase, if the farmer does nothing else but improve their management practices within their current farming systems, you could expect on average, the average farmer to improve by approx. 15%



15% Improvement in kg MS / Ha

\$780

\$106,080

\$1,120,500,000



In Summary

- **Broadband** – an essential service, an enabler
- Pointless without effective **Applications**
- Investment required in **Infrastructure** & **Applications**
- Has to be an economic **Benefit** derived