

# Why renew? A dairy farm example

## Renew pasture

**Sow**

Renewing under-performing or weedy paddocks with high quality cultivars can give significant financial gains. In this example it has an internal rate of return of 160%, one few other investments can match!

## Typical costs of renewal

| Direct costs/ha | $ (inc. GST) |
|---|---|
| Appropriate herbicide(s) applied[2] | 700 |
| Light disc then drill[2] | 300 |
| *Maxsyn* perennial ryegrass 18 kg/ha, *Kotuku* 2 kg/ha, *Ruru* 2 kg/ha (all treated)[1] | 400 |
| Slug bait[1] | 100 |
| Cambridge roll[2] | 100 |
| Establishment fertiliser (DAP 200 kg/ha) including spreading[2] | 400 |
| Broadleaf herbicide[1] | 150 |
| Total cost | $1550 |

[1] Estimated retail prices, July 2026.

[2] Average price for North and South Island-based contractors, July 2026.

## Measuring paddock performance

The benefit of renewal is in the table below, based on the assumptions:

- 3 t DM/ha DM yield per year increase from new pasture
- +0.6 MJ/kg DM higher ME (science says 0.6 - 0.9 ME increases are typical)
- Greater utilisation from better ME & palatability (assumed +5%).

# Returns renewal vs do nothing (leave underperforming pasture) over 4 years

| Extra grown (t DM/ha/year) | | Do nothing | Renew |
|---|---|---|---|
| 1. DM yield | Extra growth 3t DM/ha/ year | 0 | +12 t DM/ha |
| | DM lost during renewal | 0 | -1.5 t |
| | Net increase | 0 | 10.5 t DM/ha |
| | Extra kg MS[3] | 0 | 710 |
| 2. Higher ME new pasture | Extra kg MS[4] | 0 | 330 |
| 3. Utilisation | Extra kg MS[5] | 0 | 230 |
| Total extra kg MS | | 0 | 1270 kg MS |
| Income extra MS @ $9.75/kg[6] | | 0 | $12,380 |
| Cost of renewal (table above) | | 0 | -$1550 |
| Variable cost extra MS @ $2/kg MS[7] | | 0 | -$2540 |
| Net increase income | | 0 | $8290 |
| Internal rate of return | | 0 | 160% |

[3] 3 t DM/ha/year extra yield, utilisation 80%, conversion of 130 MJ ME/kg MS

[4] Go from 11 to 14 t DM/ha/year yield, 80% utilised, and an 0.6 MJ ME/kgDM increase, conversion 80MJ ME/kgMS.

[5] Increase 5% pasture utilisation of 14 t DM/ha/year yield

[6] Based on farmgate milk price estimate (fonterra.com/nz/en/investors/farmgate-milk-price)

[7] Variable cost increase of extra MS (While most costs are fixed (e.g. land, labour, rates), a portion of farm costs increase (e.g. vat refrigeration, extra cows)). This varies between farms.

**Better pasture together**™

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