



Profitability. Sustainability. Competitiveness.

# Foresight thoughts from New Zealand

John Luxton  
Chair, DairyNZ

# History of Dairy Industry Good

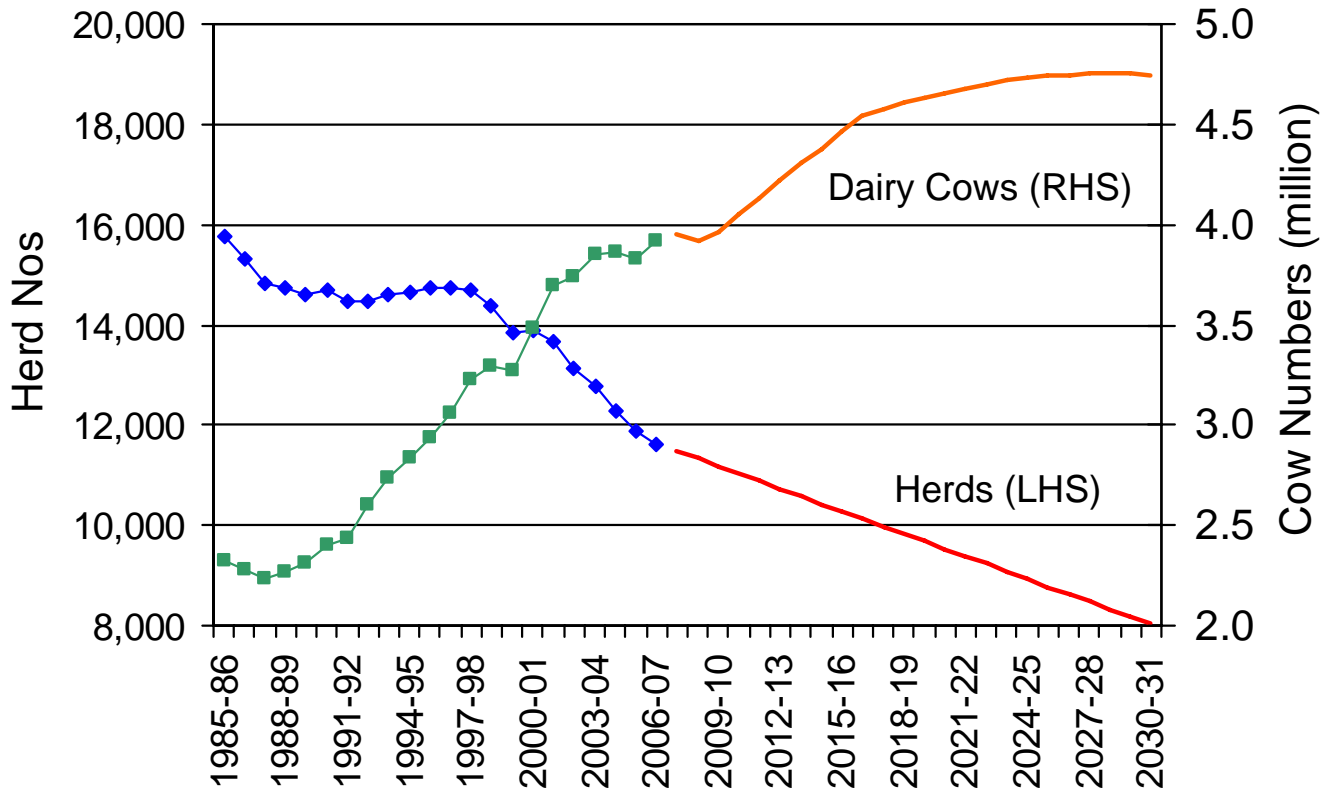
- To 1980 largely Government MAF – Ruakura DSIR Grasslands - Dairy Board
- Dairy Research Centre –jv- DB –Government
- 1990's DRC – Dairy Board  
Crown Research Institutes - AgResearch
- 2001 Dairy Insight and Dexcel
- 2007 DairyNZ

# Dairy Herds and Size

	1985-86	2005-06	2030-31f	% Change 1985 to 2005
No Herds	15,753	11,883	8,000	-25%
Cows at Peak	147	322	590	+119%
Effective Hectares	64	118	190	+84%

Source: DairyNZ Economics Group, LIC Dairy Statistics

# NZ Dairy Herds and Cows



Source: DairyNZ Economics Group, LIC Dairy Statistics

# New Zealand Dairy Industry

- **At a glance**

**2007**

- Cows and heifers in calf or in milk (mil) 3.92
- Milk volume produced (mil litres) 15,134
- Average payout (euro / litre ) 0.25
- No of dairy farms 11,800
- Average herd size (no of cows) 337
- Average milk volume per farm (litres) 1,301,300

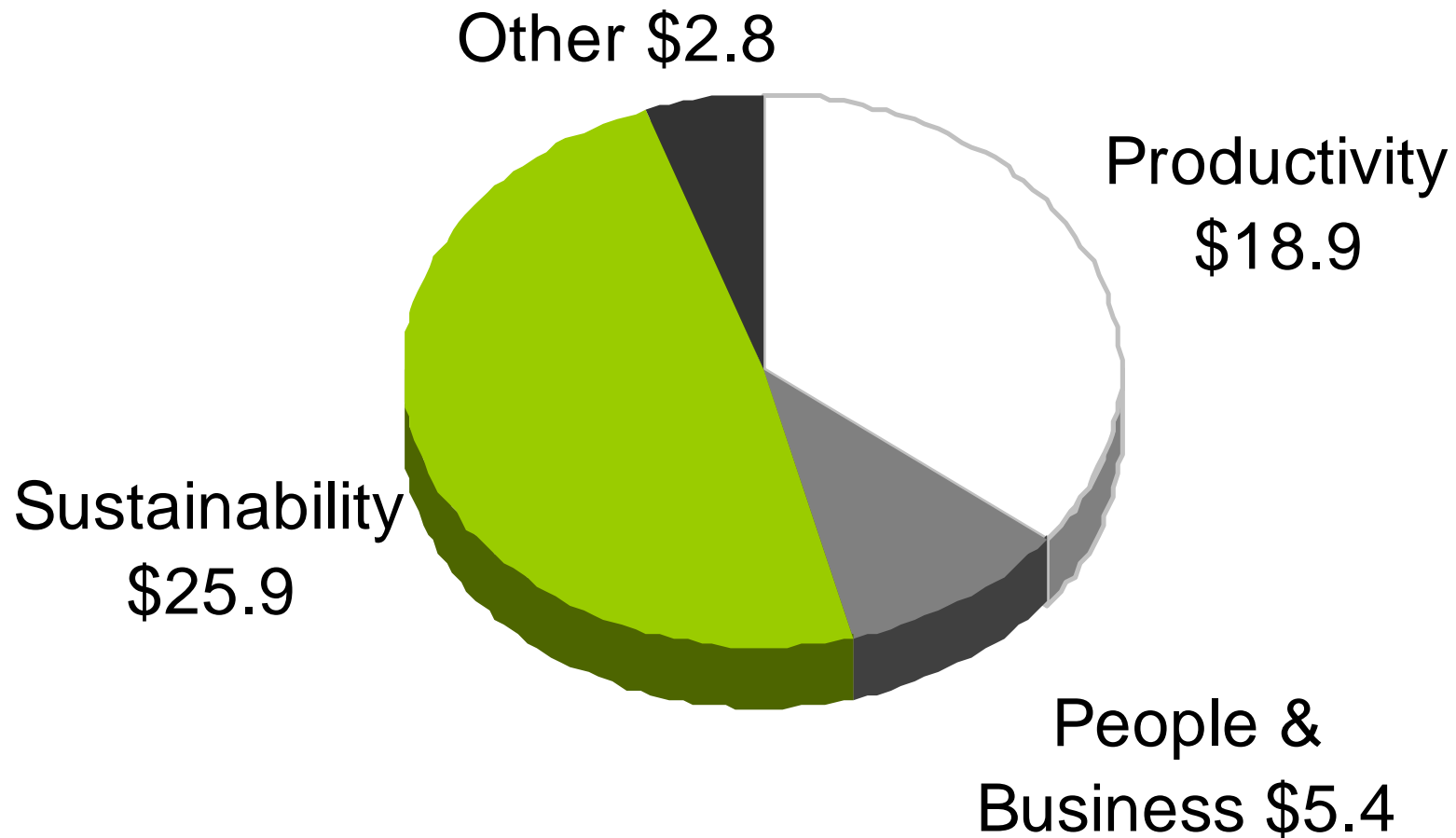
# DairyNZ's vision

**New Zealand dairy farming  
profitable, sustainable and  
competitive**

# Our structure



# Proposed Investment Allocation 2008-09 (\$million)



# Key platforms

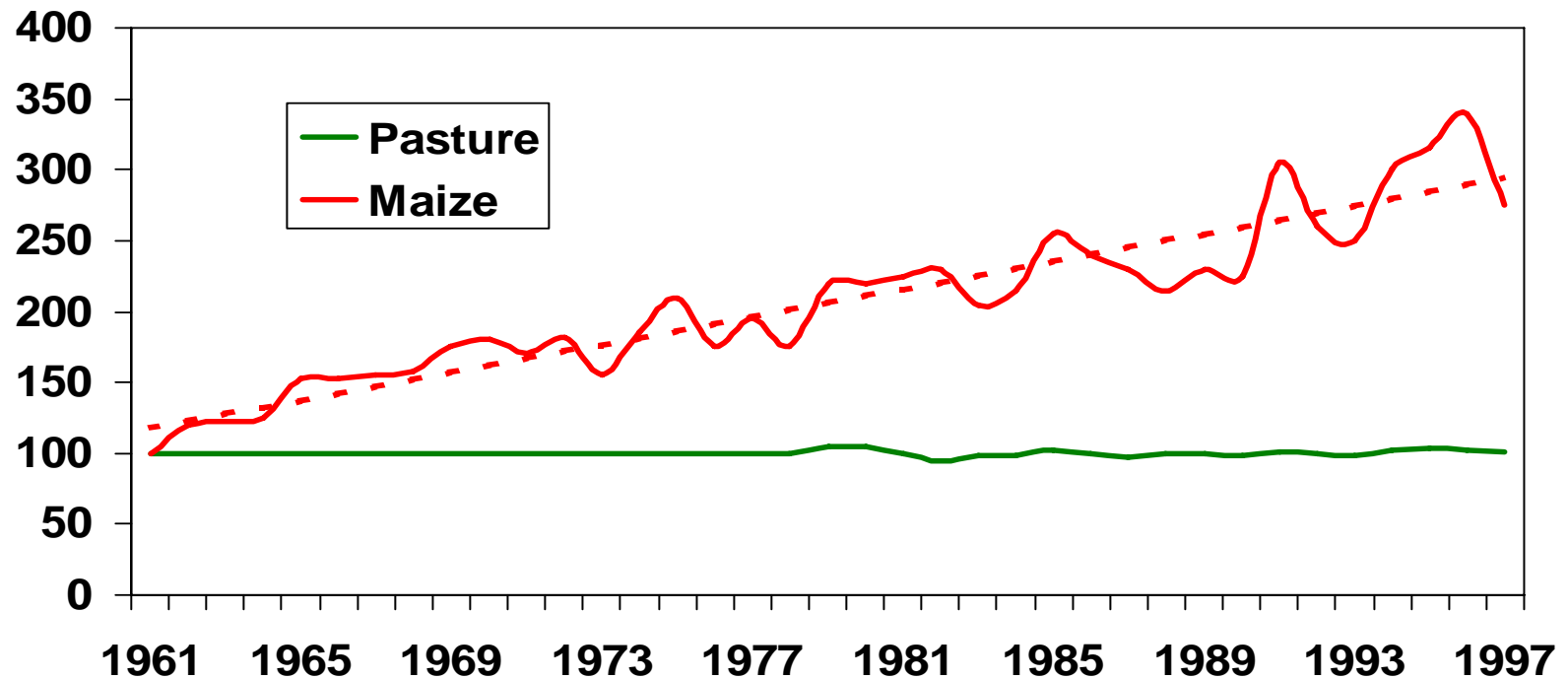
• Feed	\$6m
• Animals	\$5m
• Farm Systems	\$9m
• Welfare	\$0.5
• Environment	\$5m
• Biosecurity	\$16m
• Community Impact	\$2.5m
• Human Capability	\$4.5m
• Farm Business	\$1.5m
• On Farm Innovation fund	<u>\$1m</u>
Total	\$51m

# 1. R&D to increase productivity

- Pasture
- Animals
- Farm Systems



# Compared to advances in Maize



# Pasture Genomics?

- Rice



Wild Type

Ryegrass gene

*“And he gave it for his opinion, that whoever could make two ears of corn, or two blades of grass, to grow upon a spot of ground where only one grew before, would deserve better of mankind, and do more essential service to his country, than the whole race of politicians put together”*



**Jonathon Swift, 1726**

**DairyNZ** 

# Animals

- Genomic selection will increase production improvement from;
- Currently 1.1% per year
- To 1.9% per year



## Danger CO<sub>2</sub>W

Climate change is a real problem and airlines are partly responsible.

Air transport produces 2% of global CO<sub>2</sub> emissions. But it might surprise you to know that this is actually less than the CO<sub>2</sub> produced worldwide by cattle.

Nevertheless, we're working hard to limit the environmental impact of flying by investing in new, more fuel-efficient aircraft and pushing for shorter routes and improved air traffic control.

Flying's a wonderful thing



This advertisement is supported by Airbus, The Boeing Company, Pratt & Whitney and Rolls-Royce

DairyNZ

# Farm Systems



## 2. Sustainability

- Environment
- Emissions
- Animal welfare
- Biosecurity



# 3. Human capability

- Skilled people
- Farm business



# Milk Processors



# 2008 and Beyond: The BIG Issues

- Maintain NZ's dairy farming international competitive advantage
- Climate Change: Kyoto – ETS 2013
- Sustainability v productivity
- Biosecurity
- Human resources
- Technology transfer
- Agri-science capability
- External Factors

