

DairyNZ presents

THE VIEW FROM THE COW SHED





This year has been a difficult and challenging time not just for farmers, but for all New Zealanders.



Together we have faced the unprecedented global pandemic of COVID-19, one of the worst droughts in living memory, and now a global financial downturn. For better or for worse, the New Zealand we knew just last year has fundamentally changed.

This election DairyNZ have surveyed dairy farmers to better understand the issues that are impacting on their wellbeing.

We have used this information to inform our policy platform and to identify the top 10 things the next Government should do to improve outcomes for dairy farming families, their rural communities, and New Zealand.

As a sector we were grateful to be recognised as an essential service during lockdown which enabled us to continue our farming operations, look after our animals, keep people in the industry employed and help New Zealand's exports. We know not everyone was able to do so, and we really feel for those businesses and families who have been impacted through no fault of their own.

Many of our farming families will be thinking back to the challenging seasons we faced in 2015 and 2016 when the farmgate milk price went from a record high to a record low almost overnight. We know times are tough but as a country we will get through this.

We are all part of NZ Inc. and we all contribute to our collective wellbeing as a country. COVID-19 has reinforced

the importance of having a diverse economy that can see us through the highs and the lows whatever they may be.

Dairy has an important role to play in that recovery. We are New Zealand's largest export sector and account for a third of total exports by value. We also support over 50,000 jobs – many of which are in the regions.

Our dairy farmers are world-leaders in the production of sustainable, emission efficient and nutritious dairy, but we still have a significant farmer confidence and wellbeing issue in this country that pre-dates COVID-19. Our research has shown us that an uncertain regulatory framework has been one of the main contributing causes.

Farmers are operating in a challenging environment with changing regulations, uncertainties about staffing and a difficult financial outlook. They are also facing changing weather patterns, high levels of debt and mental health issues. All of these factors impact on their wellbeing.

Treasury's Living Standards Framework views future wellbeing through the lens of four capitals: natural, social, human, and financial. Looking after intergenerational wellbeing means maintaining, nourishing, and growing each of these capitals. That is how we ensure our dairy sector and rural communities thrive for many decades to come.

Jim van der Poel

Chairman

10 THINGS THE GOVERNMENT SHOULD DO TO IMPROVE OUTCOMES FOR DAIRY FARMERS AND NEW ZEALAND



Refocus investment in science

1. Invest in R&D for our primary sector to unlock more value and volume.
2. Set a clear strategy for science funding that is appropriately resourced to support farmers to reduce their environmental footprint while increasing profit.



Work with us to future-proof our sector

3. Work with the sector to meet workforce needs through training and recruitment of Kiwis as well as skilled migrant workers.
4. Invest in rural broadband and improved mobile coverage to better connect our rural communities with New Zealand and the world.
5. Develop a national water storage strategy and invest in water storage to increase water supply in times of drought, enable land-use flexibility and unlock economic potential.
6. Develop and enforce a world-leading biosecurity system that is properly resourced, learns from our *M. bovis* experience and ensures everyone plays their part.
7. Reform the RMA to reduce compliance costs for farmers, increase efficiency and drive better environmental outcomes.



Get our environmental settings and support right

8. Partner with farmers and support them to play their part to meet new environmental standards.
9. Ensure targets for water quality improvements are fair and equitable, clear, scientifically robust and have pragmatic timeframes for implementation.
10. Review the methane targets in the Zero Carbon Act to ensure they are firmly grounded in science and align our international and domestic targets by applying a split gas approach to our Paris commitment and carbon budgets.

View from the Cow Shed Insights Summary

DairyNZ has carried out a short, snapshot survey to gauge the views of farmers in the lead up to the 2020 General Election. Below are the results:

FINANCIAL CAPITAL AND PHYSICAL CAPITAL



When asked about their prediction for the Farmgate Milk Price over the next three years

49% ↓

of farmers believe that prices will decrease in some way.

41% →

predict that prices will stay broadly the same.

10% ↑

believe that prices will increase.



When asked about their prediction for the dairy farm values over the next three years

74% ↓

of farmers believe that values will decrease in some way.

20% →

predict that values will remain flat.

6% ↑

believe that values will increase in some way.

Broadband and mobile reception

50% 📶

of farmers said they don't have the broadband internet they need on their farm.

52% 📱

said they don't have the mobile reception they need on their farm.



Issues impacting farming business profitability

43%

of farmers said that government regulatory changes are the number one issue impacting their profitability.

18%

of farmers said that increasing costs for farm expenses was the number one issue impacting their profitability.

14%

of farmers said that drought and changing weather patterns were the number one issue impacting their profitability.

NATURAL CAPITAL

63%



of farmers reported that their farm had been impacted by drought in the last 12 months.

When asked which statement best describes them in relation to meeting their farming related environmental obligations



33% of farmers said they understand how they could reduce their footprint but doing so will undermine their profitability.



When asked which actions they have taken to support environmental improvements

89%

of respondents said they have fenced waterways to exclude cattle.

73%

said they had carried out pest control.

73%

said they had carried out nutrient budgeting.

Respondents could choose multiple answers to this question.



When asked about water quality concerns

32% of farmers said that nutrient limits were their biggest concern, followed by

21% of farmers said that the synthetic nitrogen cap was their biggest concern.



When asked about climate change concerns

40% of farmers said their biggest concern was the public not appreciating how low carbon they already are.

36% of farmers said having targets they believe are fair was their biggest concern.



SOCIAL CAPITAL



When asked about the expected outlook for their community over the next three years

64%

of farmers said that they expect things to decline for the community they are part of.

30%

of farmers said they expect things to stay the same for the community they are part of.

only 6%

of farmers said that they expect things to improve for their community.

94%

of farmers report they are proud to be working in the dairy industry at the moment.



29%

of these farmers were saying they feel extremely proud.

HUMAN CAPITAL

26%



of farmers said that they were rarely or never able to find staff with the skills and experience they needed.

62%

of farmers said that they or someone on their farm had experienced mental health issues over the last year.

66%

of farmers said they would be likely to recommend dairy farming as a career to their children.

34%

of farmers said they would be unlikely to recommend dairy farming as a career to their children.



The biggest causes of mental health challenges for those in the dairy industries

60%

of farmers said regulation changes.

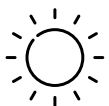
59%

of farmers said financial concerns.

59%

of farmers said the perception of dairying in the media and with the public.

Respondents could choose multiple answers to this question.



What motivated them to get out of bed in the morning

43%

of farmers said that working and caring for their animals was what motivated them to get out of bed in the morning.

34%

of farmers said that providing for their family motivated them.



When asked which issues were most likely to keep them awake at night

42%

of farmers said changing regulations.

19%

of farmers said the farm's finances.

The survey was carried out online over late July 2020 to early August 2020. There were 248 respondents, and results have been weighted by demographics. This survey provides an indication only of farmers views.

Rounding applied has been done to the closest percentage point.



OUR POLICY PRIORITIES

Refocus investment in science



Invest in R&D for our primary sector to unlock more value and volume.

For the dairy sector to maintain our international competitiveness and make a greater contribution to New Zealand's economy and environment requires a more strategic approach to research and development. This isn't necessarily about investing more money but investing the existing pool of money more wisely through long-term strategic partnerships between government and the sector.

The dairy sector supports the Government's role in high-risk research to explore new primary sector export opportunities and look at what might be our next billion-dollar industry, but this shouldn't come at the expense of investment into our core exports like dairy. It's a lot easier and quicker to get an extra billion out of dairy than it is to build a new billion-dollar export from the ground up. The engine room of our economy can go faster and deliver more, if properly supported.

Set a clear strategy for science funding that is appropriately resourced to support farmers to reduce their environmental footprint while increasing profit.

The current research system isn't working. It's costly, cumbersome, and doesn't direct funding to the areas that will really make a difference. Misplaced incentives prioritise piecemeal projects at the expense of long-term vision and co-ordinated effort. The result is a splintered system driving mostly short-term and disconnected projects, with low accountability for impact.

We need to apply a long-term strategic lens to our research sector, so that the critical questions can be addressed. The big challenges we are facing like improving water quality, reducing emissions and adding value to milk require substantial, long-term research investment based on a shared strategy that brings together the expertise of our best researchers to achieve our collective economic, social, and environmental aspirations.



Work with us to future-proof our sector

Work with the sector to meet workforce needs through training and recruitment of Kiwis as well as skilled migrant workers.

Our primary sector faces both short-term and long-term workforce challenges that need to be addressed. 26% of farmers surveyed said that they were rarely or never able to find staff with the skills and experience they needed.

Many farmers have become reliant on migrant labour to fill vacancies on farm, but COVID-19 travel restrictions have posed new challenges. In the short-term we may be able to bridge the gap by redeploying those Kiwis who have lost their jobs due through the economic downturn through our GoDairy campaign, but the longer-term issues still need to be addressed. This will require partnership and clear communication between the sector and Government.

Invest in rural broadband and improved mobile coverage to better connect our rural communities with New Zealand and the world.

COVID-19 is a timely reminder of the importance of digital connectivity in the modern world. But many of our rural communities still don't have access to the services they need to stay connected and run their businesses. 50% of dairy farmers surveyed indicated that they didn't have the broadband they need on farm and 51% saying they don't have sufficient mobile coverage.

Investment in rural broadband connectivity and increased mobile coverage will connect our farmers to the world and enhance productivity.

Develop a national water storage strategy and invest in water storage to increase water supply in times of drought, enable land-use flexibility and unlock economic potential.

As a country there are huge opportunities for water storage to help increase reliability of water supply in times of drought, to enable land-use flexibility and farming within environmental limits, and to help regions unlock their full economic potential.

Our climate is changing. 63% of farmers surveyed reported that their farm had been impacted by drought in the last 12 months and this will only become more common over the next 30 years.

We need a strategic approach to water infrastructure to ensure investment is timely, optimised based on sound science and local knowledge, and targeted for environmentally sympathetic production intensity and increased product value. We must act now, not wait till it's too late.

Develop and enforce a world-leading biosecurity system that is properly resourced, learns from our *M. bovis* experience and ensures everyone plays their part.

Biosecurity is of huge importance to our food and primary sector's future – and for the future of our country. An incursion of foot-and-mouth disease would be devastating for our farmers, rural communities, and our economy. While our *M. bovis* experience has been incredibly challenging, we have learnt a number of lessons that we must take on board to improve our biosecurity preparedness and future responses.

Reform the RMA to reduce compliance costs for farmers, increase efficiency and drive better environmental outcomes.

A comprehensive reform of the Resource Management Act is long overdue and would be a positive step not only for farmers but all New Zealanders. The system has become unpredictable and inefficient for applicants. Farmers need greater certainty and want to see a process that is faster, simpler, and less costly, that will deliver better environmental outcomes.

Get our environmental settings and support right



Partner with farmers and support them to play their part to meet new environmental standards.

New Zealand farmers have a strategic opportunity to improve local environmental outcomes and meet the expectations of our global consumers – but success will require partnership and Government investment.

Farmers are already doing their bit to reduce their environmental footprint. We recognise there's more to be done, but many are struggling with the pace of changing regulations while trying to maintain the viability and profitability of their farm.

Without profitable businesses, many farmers will be unable to invest in further reducing their footprint to meet the increasing expectations of both our consumers and society. 42% of farmers surveyed said the number one issue impacting the profitability of their business was changing Government regulations.

33% of farmers understand how they could reduce their environmental footprint but doing so would undermine their profitability. Its vital government policy sets a clear pathway and provides farmers with sufficient time to make change on-farm.

Ensure targets for water quality improvements are fair and equitable, clear, scientifically robust and have pragmatic timeframes for implementation.

Healthy waterways are important to dairy farmers. We share the country's aspirations to protect our streams, rivers, lakes, and wetlands and are working as a sector to deliver on environmental goals.

Of those surveyed 89% said they had fenced waterways to exclude cattle and 73% had completed a nutrient budget for their farm. 31% of farmers surveyed said that nutrient limits were their biggest concern when it comes to water quality. 21% were most concerned about nitrogen caps.

For many farmers, these changes cannot be made overnight. For example, the 190 kg cap for nitrogen fertiliser presents a real challenge for some farmers – particularly the tight timeframe to implement it. We also consider that the latest nitrogen toxicity standard of 2.4 g/m³ is too conservative for highly developed pastoral catchments. We need to ensure that policies to improve our environmental footprint can be implemented in the most practical way to lessen the impact on those rural communities. Policy needs to be fairly applied and informed by good science.

Review the methane targets in the Zero Carbon Act to ensure they are firmly grounded in science and align our international and domestic targets by applying a split gas approach to our Paris commitment and carbon budgets.

Last year New Zealand took a world leading approach by legislating a split gas target in the Zero Carbon Act but failed to give farmers certainty by setting a broad range of 24 – 47% for methane reductions. We also have a misalignment between our domestic and international targets with our current Paris Commitment requiring a reduction of all greenhouse gases by 30 percent on 2005 levels.

This hasn't been well received by farmers with 36% of those surveyed saying that having targets that they believe are fair as their biggest concern when it comes to climate change.

The Independent Climate Commission should review our domestic targets to ensure they are fair and appropriate in a New Zealand context, and ensure our international target is aligned. Having an international target that splits the gases will send a much clearer signal to the international community about New Zealand's contribution to global efforts.



DairyNZ 

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