



**NZ FEED MANUFACTURERS  
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## **PRESS RELEASE:**

### **Annual Feed Production Statistics show Increased Compound Feed Usage**

Demand for supplementary feed from the hugely successful dairy industry has driven a record year for New Zealand feed manufacturers.

Compound feed production and raw material usage statistics collected by the New Zealand Feed Manufacturers Association (NZFMA) showed an increase in total compound feed production by NZFMA members of 47,597 tonnes or 5.7 % for the year ending 31 December 2007.

Michael Brooks, Executive Director of the NZFMA, said the increase in production is the biggest annual increase by our members since 2003.

“The increased demand for dairy feed is one of the main reasons for the increase,” said Mr Brooks. “The relatively high dairy commodity prices and increased payouts to dairy producers mean that using a complete feed as part of the production system, rather than just relying on pasture or forages alone, is a more attractive and highly effective way for farmers to increase their overall returns.”

He also noted that supply constraints in the global grain market are making it increasingly difficult for those livestock producers, who have traditionally manufactured feed on-farm, to source sufficient raw materials at a reasonable cost and this has resulted in a shift away from home-milling to purchasing complete feed.

A wide range of raw materials are used in the production of animal feeds in New Zealand including a variety of different grains and grain by-products, vitamins and mineral supplements.

“The New Zealand Feed Manufacturing industry is highly supportive of local grain growers,” says Mr Brooks. “More than 60 % of all material used in complete feed produced by our members in 2007 was sourced locally.”

A total of 152,240 tonnes of wheat, 122,009 tonnes of barley and 92,757 tonnes of maize grown in New Zealand were used in compound feeds produced by members in 2007.

“That’s roughly half of the total tonnage produced in New Zealand for each of these grains,” says Mr Brooks. Some raw materials used in feed manufacture, such as soya bean meal, are not available locally in sufficient quantities and must be imported from overseas.

The international cost of grain and commodities used in animal feed production has been driven up exponentially in the past year as a result of the increased demand for grain for the US bio-fuel industry combined with the decreased availability of these commodities as a result of droughts in the USA, China and Australia. These price increases are also reflected in the price of locally sourced commodities.

“It’s inevitable that feed manufactures have also had to increase the cost of complete feed to livestock producers” said Brooks. “However, the industry is continually looking at ways in which the impact of increased grain costs can be minimised. Strategies such as the use of forward purchasing contracts, the use of least-cost linear programming in feed formulation, and evaluation of raw materials and product specifications are some of the strategies which NZFMA members can use to ensure the feed they produce is both cost effective and will meet the needs of New Zealand livestock producers.”

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