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www.nzfma.org.nz

Mill Run

2007 has been a busy year for the NZFMA. Communications, both with members and the general public, has certainly been a key theme for the organization over the course of the year. This was highlighted by Jeff Winmill, in his Chairman's report to the AGM held in Christchurch on the 21st of November. **Feed Forum** has been a key development for the NZFMA, and we are proud to bring you the 4th edition of newsletter so far.

The recent AGM and Technical Seminar was well supported by members and more information on the seminar is included below. Sam McIvor was appointed Chairman of the Association at the AGM and Greg Wilson and Alastair Orsborn were reappointed as the Category B representatives.

2008 promises to be a busy year for feed manufacturers, with continued challenges associated with raw material supply and pricing. In addition, Biosecurity New Zealand continue to review the ruminant protein regulations. The NZFMA office

expects that the revised regulations will be released for comment in early 2008.

The Slice of Life Review carried out by the NZFSA earlier this year was conducted with the intention of determining the level and consistency of self-regulation in both the feed and pet food industries. Although the final report is not yet available, a summary of the report is included on pg. 2.

The review of the ACVM Act is a key issue for feed manufacturers, and it is likely that significant input from the NZFMA will be required in the coming months. The NZFSA is committed to working with the NZFMA to ensure that appropriate regulations are in place. The NZFMA Executive has appointed a working party to work with NZFSA in reviewing the legislative requirements for the feed industry and more information will be provided to members as this becomes available.

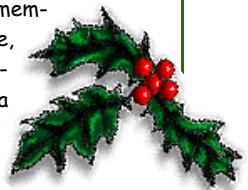
Plans are already underway for the annual NZFMA Regulatory

Seminar to be held in Wellington on the 21st of May 2008. The seminar will be held slightly earlier than normal in 2008 in response to member feedback. We look forward to seeing you at the seminar.

As mentioned in the previous edition of **Feed Forum**, feed manufacturing is increasingly in the consumer spotlight and adherence to Good Manufacturing Practices is essential for the long term survival of the industry. The NZFMA Executive Committee has identified that it would be timely to update the current NZFMA Code of Good Manufacturing Practice and it is likely that this update will start in the New Year.

Finally, the NZFMA office will be closed from the 24th of December through to the 3rd of January 2008.

We wish all members a safe, happy Christmas and a prosperous New Year.



Technical Seminar 2007

The NZFMA AGM and Technical Seminar was held in Christchurch on the 21st of November 2007 and was well attended.

David Lowry (Ecolab) spoke to members about the role of feed mills in the food safety chain. David focused on *Salmonella* control in particular and highlighted cooling post pelleting as a critical control point in the feed manufacturing process. David stated that it was important for feed manufac-

turers to implement strategies which are practical and achievable and to place particular emphasis on those parts of the process that were identified as high risk.

John St. Julian focused on production issues in his talk entitled "The Mill as a Mass Production Unit". In particular, John showed how product ranges and volumes, which require formula changes, impact on the efficiency of mills and can increase capital require-

ments. John highlighted the importance of both sales and production staff working together to achieve an optimal production mix and stressed that the mill management have a key role to play in ensuring efficient production.

Both presentations provided some useful "food for thought" for those members who attended the Technical Seminar. Copies of the presentations are available for members reference on the NZFMA website.

ACVM Review of Oral Nutritional Compounds

Trish Whitaker

(Programme Manager Performance Standards, Approvals and ACVM Group, NZFSA)

The Agricultural Compounds and Veterinary Medicines (ACVM) Group of the NZFSA recently commissioned an evaluation of the level of compliance by New Zealand Oral Nutritional Compound (ONC) importers, manufacturers and traders with the conditions of exemption as specified in Schedule 4 of the ACVM Regulations 2001 and the ACVM Standard for ONCs during the third quarter of 2007. This review was performed by the Compliance and Investigation Group (CIG) of NZFSA.

A selection of 5 compound feed manufacturers, 5 pet food manufacturers, and 2 importers of Oral Nutritional Compounds or their ingredients were randomly selected for assessment in this review.

The Terms of Reference for this review were similar to those of the previous 2003 ONC audit and were developed to determine if there is a better industry awareness of the legislation since the initial review. The scope covered the basic labelling and fit for purpose requirements of the ACVM Regulations 2001 Schedule 4.

This scope was sent to all reviewees well in advance of the assessor's visits.



Since the 2003 review, there have been two major changes in the industries that are operating in the ONC production, manufacture and sales domain.

1. The domestic pet food ONC (secondary processor) operators are no longer under mandatory regular NZFSA VA1 APA performance based RMP verification.
2. There has been a significant increase in the demand for ONC manufacture and production (bovine). A burgeoning dairy industry has placed, and is likely to continue to place, increased production demands for bovine ONC on established operators. This has resulted in an increased importation of copra and palm kernel for use as a feed. There also appears to be new 'start up' operators entering the ONC industry.

This ONC review has again found that several ONC operators were unfamiliar with, and often not compliant with, the ACVM legislation. There has been infrequent ACVM verification in the ONC domain. This sporadic verification may be, in part, a reason for these findings. However, the ultimate responsibility to be conversant with and to comply with the legislation rests with the operator.

The non compliances found relate to ONC labelling, and ensuring that ONC are 'fit for purpose'.

A full summary of the CIG report will be available on the ACVM website by the end of the year. The ACVM Group are committed to work with the industry groups to address the non compliances noted in the report and will develop a routine compliance programme of inspections to ensure compliance with the Regulations and the relevant industry's best practice codes.

AgVetLink

The current review of the ACVM Act will be of interest to NZFMA Members. The October 2007 edition of AgVetLink, the NZFSA ACVM Group Newsletter focused on the current round of regulatory reform and is a useful starting point for anyone looking for some background information on the proposed changes to the ACVM regulations. Copies of the current and previous editions of AgVetLink are available on the NZFSA website:

www.nzfsa.govt.nz/acvm/publications/agvetlink/index.htm



John Foulds:
NZFMA Deputy Chairman

Graduating from Sydney University with a degree in Agriculture in 1970, John took up the role of nutritionist with a feedmilling company in Adelaide, South Australia. Four years later he returned to University for post graduate work before moving to NZ in 1976.

After 3 years working for NRM, John moved to Indonesia as Manager Technical Services for Sabah Flour and Feedmill, before returning to NZ in 1983, as a poultry nutritionist

for the then General Foods Poultry, when his involvement with NZFMA began. John still works for Tegel Foods as Manager Technical Services and Nutrition.

John says his experience managing the company's feedmills for several years helps him add value to the NZFMA Committee, one of whose major roles is to ensure regulatory change in the industry can be managed by us all in a practical and sustainable manner.

Industry Profiles



Natalie Gerber:
NZFMA Executive Officer - Technical

Natalie joined the NZFMA Office in 2005. Her role at the NZFMA involves liaison with regulatory bodies, drafting submissions on regulatory documents, editing the NZFMA newsletter, general member support and co-ordination of various NZFMA projects.

Natalie completed her BSc. in Animal and Poultry Science at the University of Natal and then graduated with a MSc. degree focusing on ruminant nutrition in 2003.

While completing her MSc. degree Natalie started work for a vitamin and mineral premix company, providing technical support and feed formulations for a wide range of customers. In 2002, she moved to Belgium where she worked for the Provimi Research and Technology Centre as Research Nutritionist (Pigs and Poultry).

Returning briefly to Southern Africa, Natalie worked for an integrated ostrich producer before emigrating to NZ.

Observations on Global Grain Prices

I think every New Zealand feed manufacturer will agree; the last 12 months have been challenging, to say the least on the procurement side of the business.

In recent months, the price of imported grains have increased by as much as 80% and domestic grain by around 45%. As a result, by-products such as broll and Avon feed have also had substantial increases in price. Similarly, meat and bone meal prices have increased dramatically over the last few weeks while soy meal prices are also firming. Last but not least, fats and oils are also well above normal levels. Unfortunately, it does not appear that there is any good news, particularly in the near term.

Numerous factors including drought in Australia, floods at harvest time in Europe, increasing international demand for grains for bio fuel production and increased demand from China and India for feed raw materials have all impacted on the global energy prices. This, combined with increased local demand from the dairy industry, has meant increased raw material prices for New Zealand Feed Manufacturers. In effect, it has been a very unusual chain of events where all the negative influences on raw material price and availability have combined to create the issues we are seeing today. However, it is very difficult to predict where prices will move over the next 12 to 18 months as there are many events that will influence prices.

Grain stocks in Australia are currently very low, and with the Australian harvest around 60% completed, current projections are for a 10.5 to 11 million ton crop. This is significantly less than the 20 million tons that was projected earlier

this year, but up from the 9 millions tons reported for the last harvest. Consequently, prices are expected to remain firm in the first half of 08.

Meanwhile, summer sorghum crops are currently being sown and there has been some reasonable rains, so sorghum could be a viable alternative for New Zealand millers in April/May 08.

Five million acres of "set aside" land has been planted mostly in wheat in the Northern Hemisphere, so God willing and with some reasonable growing and harvest conditions, we should see global wheat prices softening around July / August 2008.

This quarter's **Industry Comment** is written by Jeff Winmill. Jeff is currently National Operations Manager for Mainland Poultry and PCL Feeds. He recently held the position of Chairman of the NZFMA Executive Committee.

While American corn prices have doubled from USD 2.00 bushel to as high as USD 4.00 bushel, the ethanol hype seems to have peaked and now some American politicians are questioning the real energy savings, the environmental benefits and just how much the ethanol helps to reduce the need for oil. In particular, the large American industries hurt when the corn price increases are blamed for pushing up food prices.

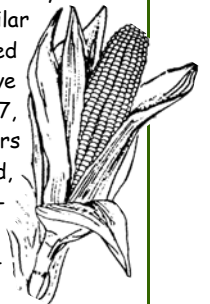
At the same time, high grain prices have also pushed up soy values as they compete for the same acreage, and as long as the demand for feed grains is strong, the soy price will remain strong.

Interestingly, the increased grain prices have had a positive effect on the NZ dairy industry, as our industry relies mainly on grass to produce milk. In contrast, the US

dairy industry is largely grain dependent. One cow can consume up to 4 tons of compound feed per year, so the international production cost for a litre of milk has increased dramatically over the last 12 months.

In summary, I think imported grain prices are likely to increase further in the first six months of 2008. However, if there are favourable growing and harvest conditions in the northern hemisphere (and I repeat if) then we should see prices soften second half of 08.

Currently some local maize contracts are up around \$90.00 per ton from last year, and South Island wheat and barley growers are asking for a similar increase. However, as feed grain has been sold well above contract prices during 2007, this has encouraged farmers to plant more acreage and, with favourable growing conditions, we should see more local grain available February/March 08.



Despite the recent media hype about very attractive prices off shore and suggestions that if local customers did not and I quote "pull their finger out" there may not be any grain left for local supply, the export price for grains has softened over the last four months, and I no longer believe that grain exports will return the inflated prices that were quoted. Although global grain prices have been highly volatile in recent times, New Zealand Feed Manufacturers have a long history with New Zealand's arable industry, and local Feed Manufacturers will continue to play an active role in the NZ grain market every year, not just one in every ten.



New NZFMA Staff Member

Julie MacDonald has recently joined the NZFMA as Administrative Officer. Julie will be responsible for the NZFMA accounts and wide variety of administrative tasks carried out by the NZFMA office.



Julie has a technical background and has worked in administrative and accounting roles for software and engineering companies, as well as several years with a fine wine and luxury food company.

We are very pleased to have Julie as part of the team and are impressed with the zeal with which she is tackling her new responsibilities.

Current Consultations

NZFMA Members are advised that the deadline for comment on the proposed OIE "Guidelines on the control of hazards of animal health and public health importance in animal feed" is the **7th of January 2007**. Comments on the draft "Import Risk Analysis: Fish Food" developed by Biosecurity New Zealand are due by the **1st of February 2007**. All comments should be submitted to natalie@pianz.org.nz. More information is available on the NZFMA website:

www.nzfma.org.nz/Members/consultation.php

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Quality Assured New Zealand Grain: QAgainz Scheme Support

*Karlene Martin-Neville
Technical Manager Procurement and Milling, NRM*

The New Zealand Crop Quality Assurance Scheme, branded QAgainz, was developed in 2003 and replaced the NZCQA diary scheme which had been in operation since 1998. The operation of the scheme is overseen by a Taskforce made up of representative from a range of associations.

The objective of the scheme is to promote best practice for growing, harvest and storage of NZ grown wheat and barley, with the intention of significantly reducing the risk of excessive pesticides in grain.

QAgainz requires growers to register with the administrator and commit to keeping relevant traceability information for the perusal of auditors. This information can be kept in any form, such as computer records or pocket diaries, with the

key component being the ability to verify to auditors the activities that have taken place in the crops production.

NZFMA Members who purchase wheat and barley grown in NZ are reminded that they should only buy from registered growers, otherwise they will undermine the scheme.

It is essential, for the long term well being of the industry, that industry does "the right thing" to reduce the risk of pesticides entering animal feed and the human food chain. Increased consumer focus on food safety issues, including pesticide residues in food, is likely to continue and it is important that Feed Manufacturers play their role in ensuring that NZ livestock producers continue to produce safe food for NZ and international consumers.

More information on the scheme is available on the United Wheatgrowers website www.uwg.co.nz/quality/registration.cfm. A link is also available on the NZFMA website.



Dairy Nutrition

Copies of the document "Increased dairy farm profit using manufactured feed" can still be purchased from the NZFMA Office at a cost of NZ \$0.20 per copy. Please contact Julie MacDonald by email (julie@pianz.org.nz) to order more copies.

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