

The Value of Canterbury Dairying

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Some Basic Figures

- Dairying in Canterbury is increasing each year: both more farms and more production per farm.
- Production over the last 5 years has been increasing at about 11% per annum.
- This current year (2006/2007) there are nearly 700 farms in Canterbury and over 800 farms including the Waitaki district.
- Production should go close to 200 million kg milk solids from the total region (including Waitaki).

Income and jobs this year (2006/07)

- Milk solids income will be about \$800 million.
- Total income including meat and livestock will approach \$900 million.
- Export income after processing will be approximately \$1.6 billion.
- There will be about 3200 dairy farming jobs on farms and another 1000 in processing (milk and meat).

National Economic Impacts

- Measuring the total economic impact is fraught with difficulty. There are a range of methodologies and each has its limitation.
- At the national level our economy runs with exports at about 29% of GDP. There are structural reasons why this level is fairly stable. It can therefore be argued that this year's exports of about 1.6 billion will support a national GDP of about **\$5.5 billion**.

Regional Economic Benefits

- At the regional level it is even more problematic to calculate with accuracy the total economic effects of dairying.
- What we can say with confidence is that the additional jobs generated, both:
 - directly (e.g. contractors, AI technicians, consultants etc), and
 - indirectly (school teachers, grocery assistants etc) are enormous.Typical multipliers are at least **2.5** and possibly more.
- We can say with confidence that dairying in the region creates more than 10,000 jobs in the regional economy.

Are there alternatives that can generate similar incomes?

- At the individual farm: yes (for a few farms)
- At a regional level: no (for most farms)
- Quite simply, in those parts of Canterbury that have irrigation then in money-based economic terms dairying is the 'highest and best use'.
- Without dairying, the alternative land use on most farms would have to be livestock farming.
- In broad terms, livestock farming will generate about one third the level of economic activity (gross income) that dairying will provide.

The Future

- The future of dairying in Canterbury is linked inextricably to the future of irrigation and water management.
- It is possible to envisage a future in which the dairy industry in the region is at least double the size of the present industry.
- International market conditions suggest promising returns (long term) from dairy investment relative to other pastoral investments.
- If money-based wealth is the criteria then there can be little argument that dairying is the way to go.
- The challenge, of course, is to do so sustainably, and to meet society's requirements in terms of nutrient management and water use.