

What am I being asked about?

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High School Agribusiness Teachers Conference

Tuesday 22nd September



LINCOLN
UNIVERSITY
TE WHARE WĀNAKA O AORAKI



Topics

- Two Speed Economy
- Dairy and DIRA
- The Kiwifruit
- Red Meat and Dairy Beef
- Technology
- Grocery Prices
- Issues

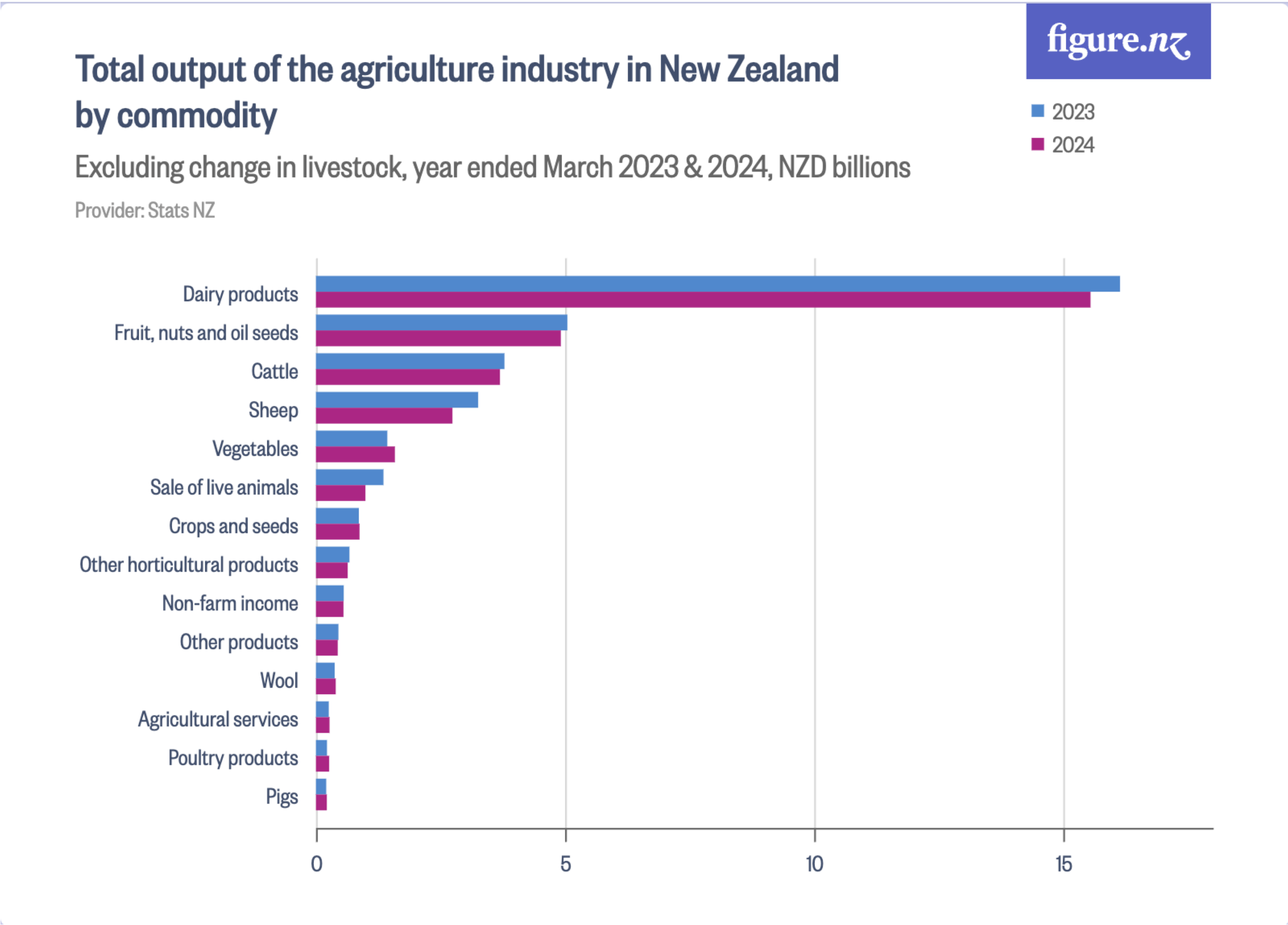
Two Speed Ag Economy

Let's look at the numbers showing?

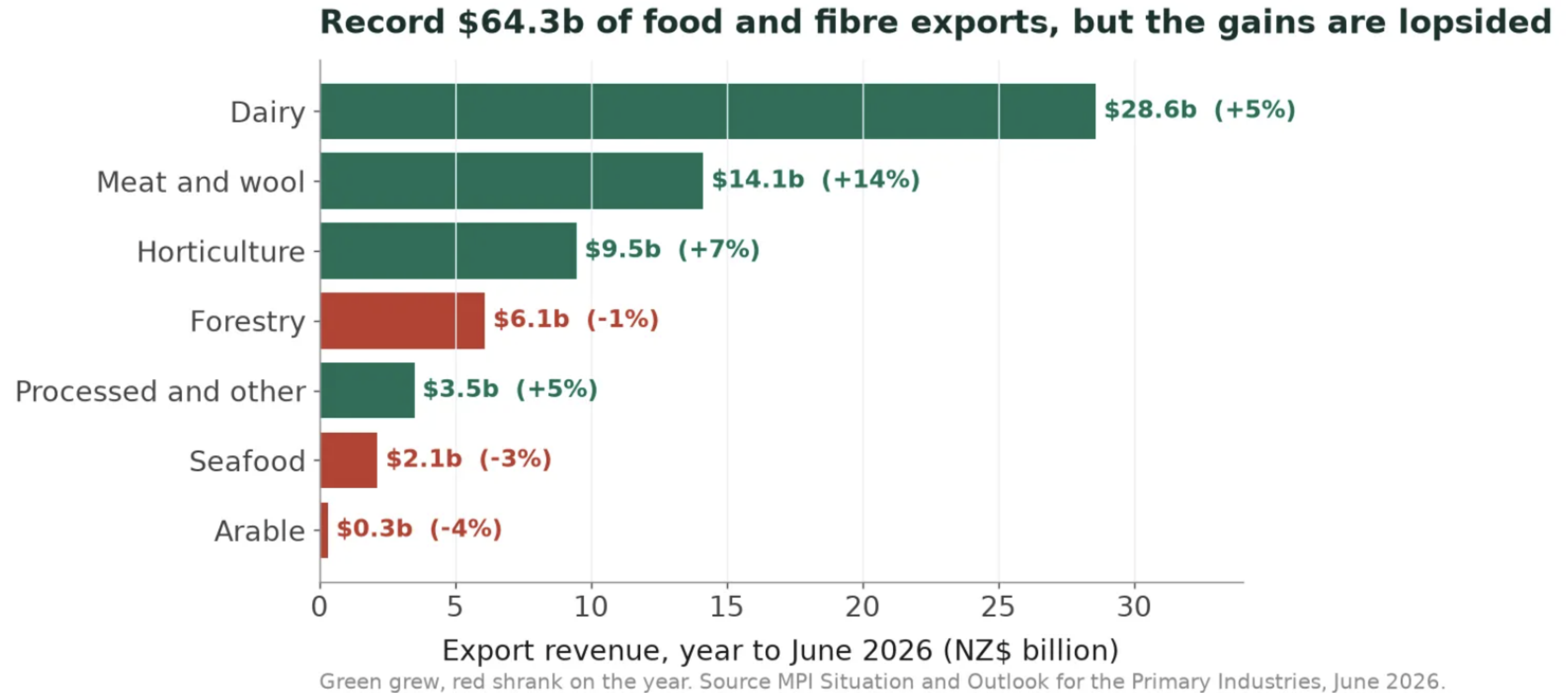
- Dairy, Kiwifruit, Beef and then the rest....



One Major Game and two Minor Games in town



Two Speed Economy



What's driving the dairy boom?

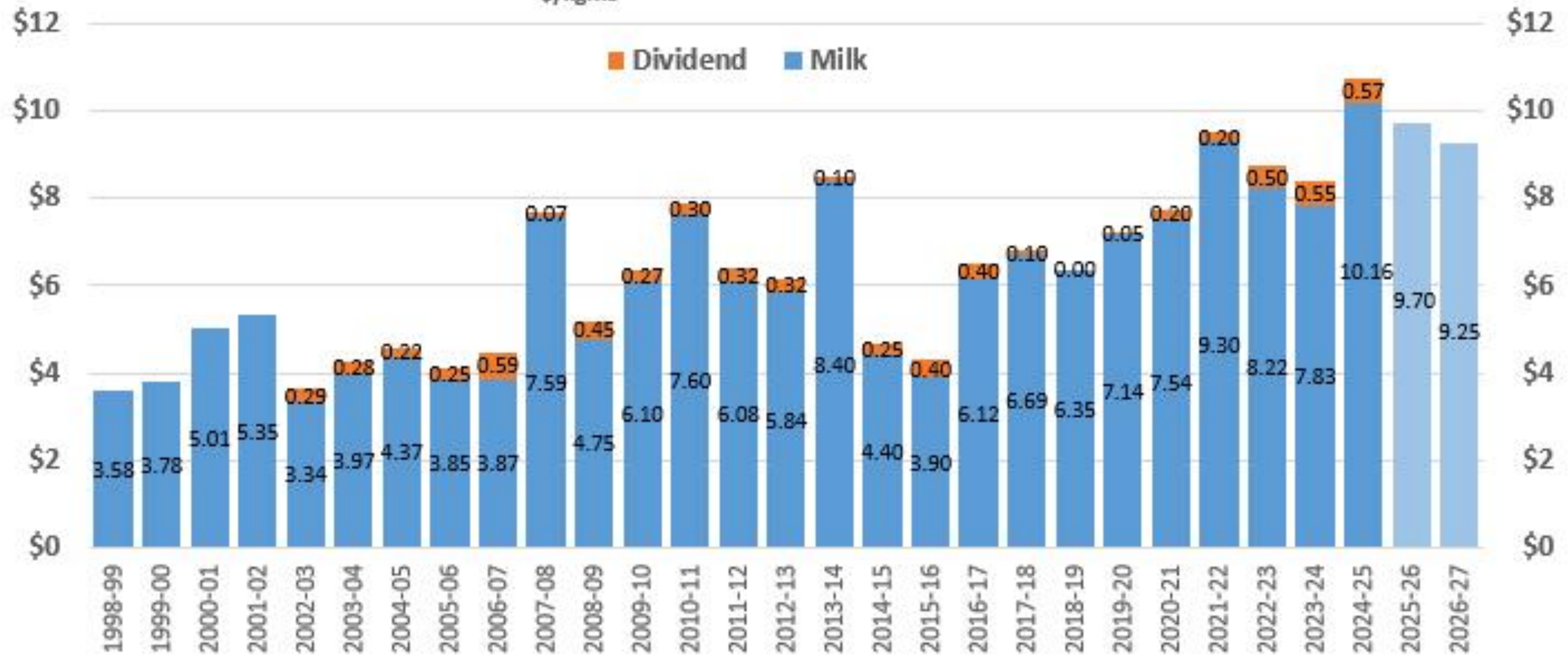
Farm Gate Milk Prices

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Fonterra payout history

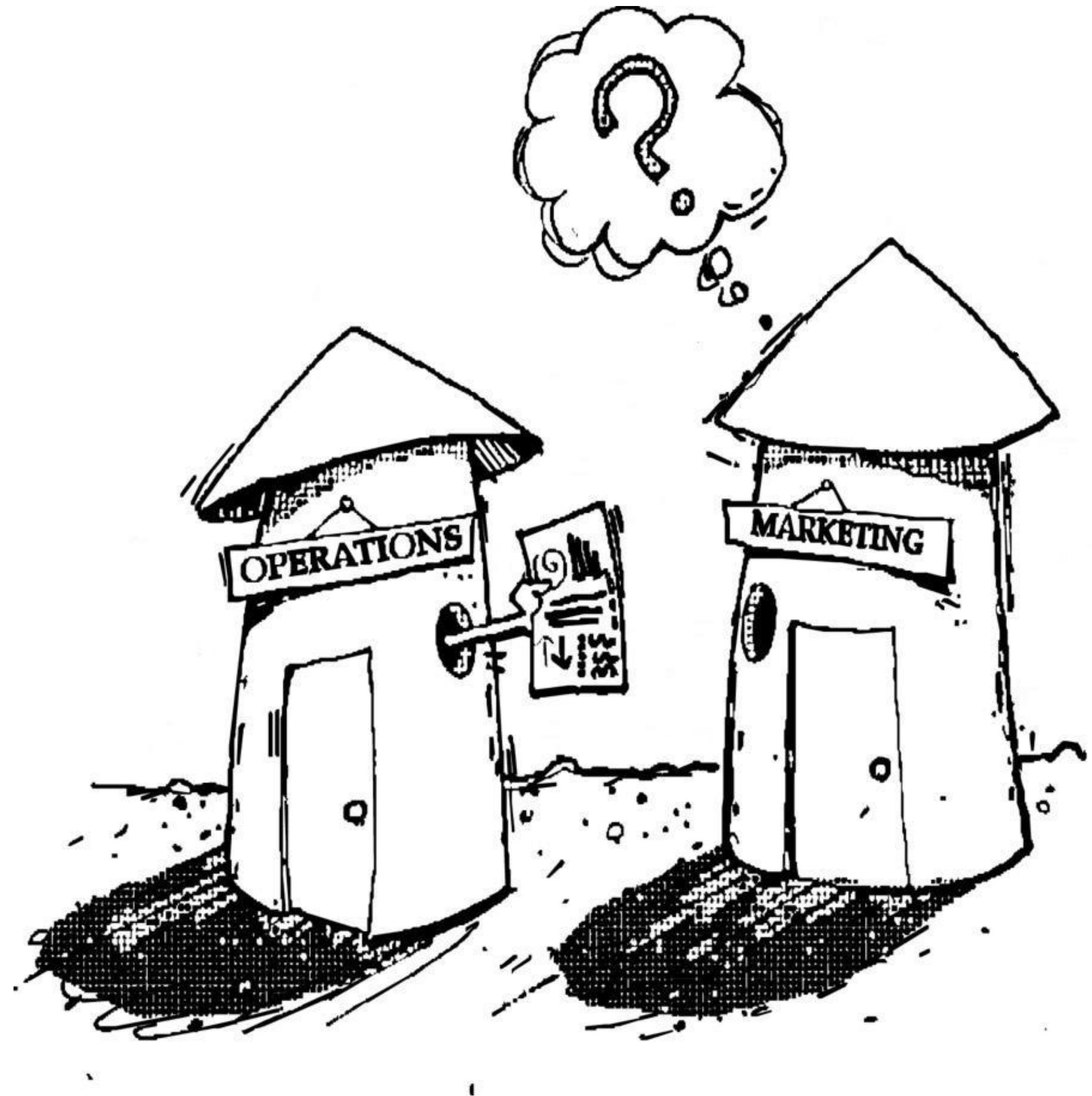
\$/kgMS



Source: [interest.co.nz](https://www.interest.co.nz)

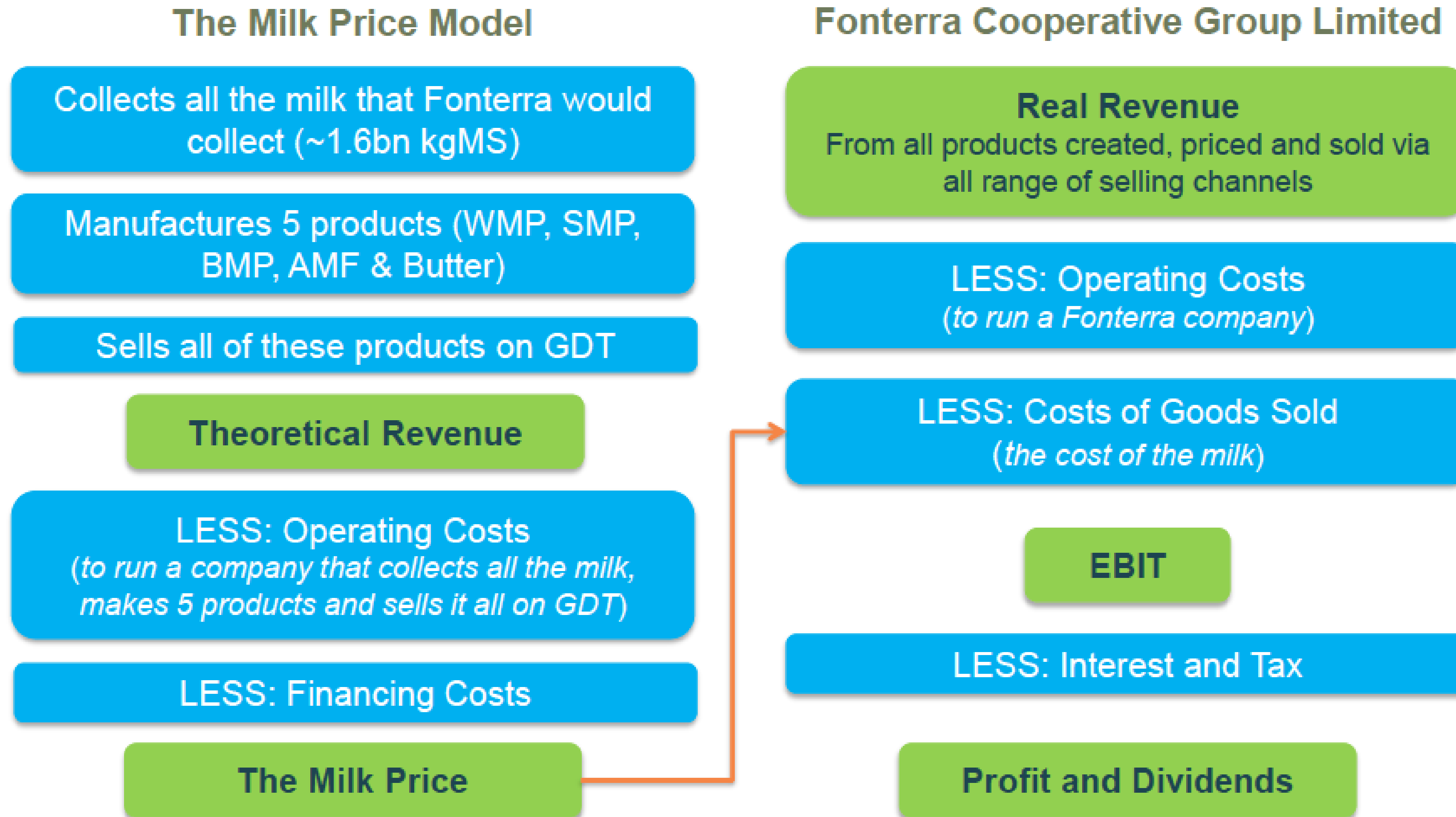


Fonterra: Toll Processing vs Brands Challenge





DIRA, Milk Price Model, and Fonterra



Dairy Returns

- Start of the 2026/27 season forecast \$9.25 per kgMS, with a new range of \$8.00 - \$10.50 per kgMS

Advance Payment Rates

As at 21 September 2026



	2025/26 Season Advance Rate^	2026/27 Season Advance Rate^
June paid July	\$7.50	\$7.30
July paid August	\$7.50	\$6.95
August paid September	\$7.50	\$6.95
September paid October	\$7.50	\$7.15
October paid November	\$7.75	\$7.35
November paid December	\$7.75	\$7.35
December paid January	\$7.50	\$7.60
January paid February	\$7.50	\$7.60
February paid March	\$7.80	\$7.80
March paid April	\$7.95	\$7.80
April paid May	\$7.95	\$7.80
May paid June	\$8.15	\$8.00
July Retro	\$8.25	\$8.10
August Retro	\$8.75	\$8.55
September Retro	\$9.20	\$9.05
Final Retro	\$9.60 - \$9.70	\$9.40 - \$9.50
+ Co-operative Difference Payment	Add your farm's payment	Add your farm's payment
Forecast Farmgate Milk Price*	\$9.70	\$9.50





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**32 more dairy farms for
Canterbury as some
grain growers go for milk**

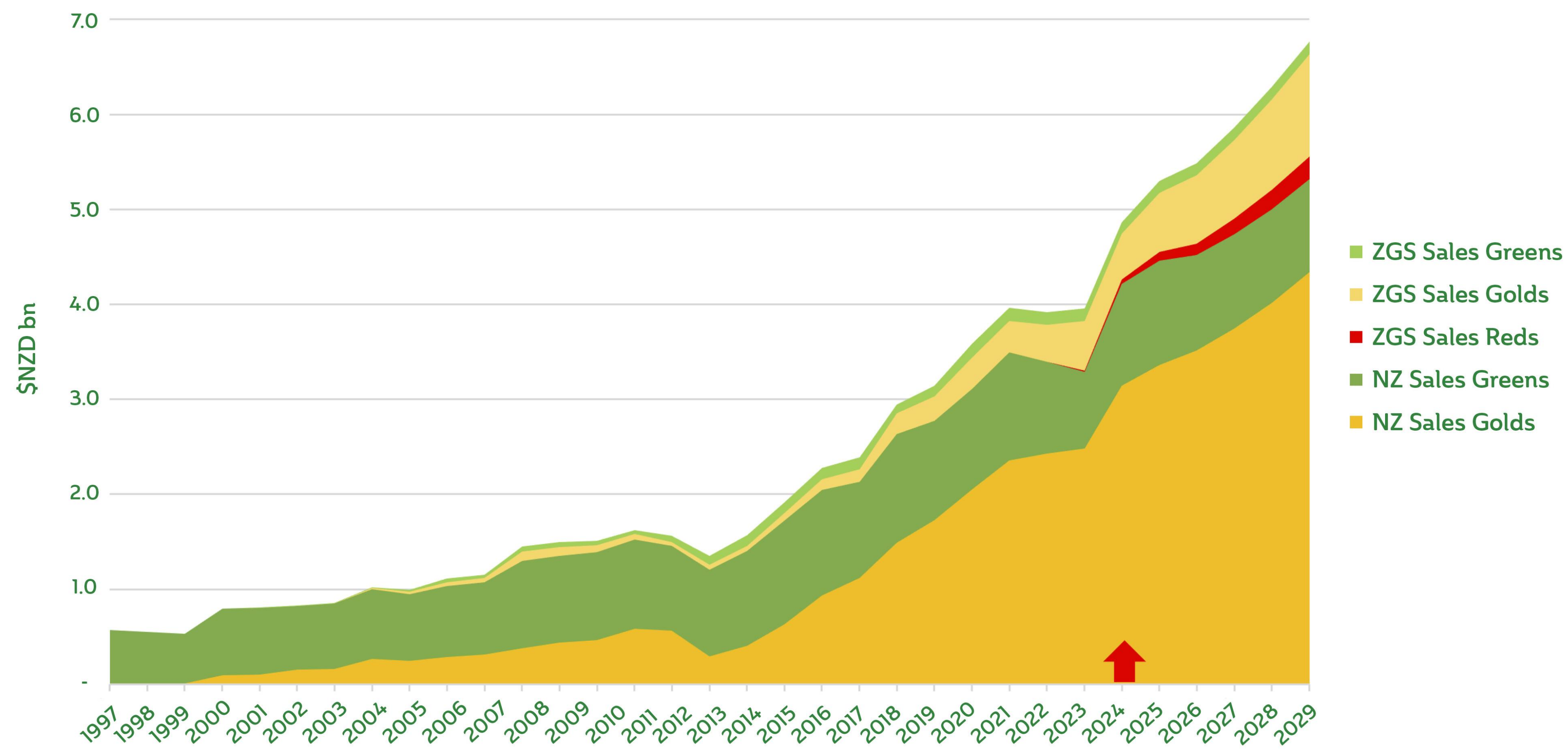


Kiwifruit

A regional powerhouse



Zespri Growth



The infographic illustrates the Kiwifruit Supply Chain, centered around ZESPRI. The chain flows from Growers to Post Harvest Registered Suppliers, then to Importers, Distributors/Wholesalers, Retailers, and finally to Consumers. ZESPRI is positioned as the central hub, connecting all stages. Key focus areas include Quality Assurance (QA), Sustainability, and Innovation. The diagram also features logos for KVH, NZKGI, Kiwifruit New Zealand, and the Kiwifruit Breeding Centre.

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graph LR
    Growers[Growers] --> PostHarvest[Post Harvest Registered Suppliers Supply Entities]
    PostHarvest --> Importers[Importers]
    Importers --> Distributors[Distributors / Wholesalers]
    Distributors --> Retailers[Retailers]
    Retailers --> Consumers[Consumers]
    ZESPRI[ZESPRI] --- Importers
    ZESPRI --- Distributors
    ZESPRI --- Retailers
    ZESPRI --- PostHarvest
    ZESPRI --- Sustainability[Sustainability]
    ZESPRI --- Innovation[Innovation]
    ZESPRI --- QA[QA Quality]
  
```

Forecast Orchard Gate Returns

2026 AUGUST OGR FORECAST PER TRAY AND PER HECTARE RETURNS

Pools (fruit categories)	2026 August Forecast Per Tray	2026 August Forecast Indicative Range Per Tray	2026 June Indicative Range Forecast Per Tray	2026 August Forecast Per Hectare	2026 August Forecast Indicative Range Per Hectare	2026 June Indicative Range Forecast Per Hectare
Zespri Green Kiwifruit	\$9.90	\$9.70 - \$10.50	\$9.40 - \$10.40	\$99,793	\$98,000 - \$106,000	\$95,000 - \$105,000
Zespri Organic Green Kiwifruit	\$13.77	\$13.30 - \$14.30	\$13.00 - \$14.50	\$82,278	\$79,000 - \$85,000	\$78,000 - \$87,000
Zespri SunGold Kiwifruit	\$11.50	\$11.10 - \$11.90	\$11.00 - \$12.25	\$191,208	\$185,000 - \$198,000	\$183,000 - \$203,000
Zespri Organic SunGold Kiwifruit	\$15.67	\$15.10 - \$16.10	\$15.00 - \$16.50	\$192,112	\$185,000 - \$197,000	\$183,000 - \$201,000
Zespri Green14	\$10.15	\$9.90 - \$10.60	\$9.00 - \$10.75	\$85,543	\$83,000 - \$89,000	\$77,000 - \$92,000
Zespri RubyRed Kiwifruit	\$17.02	\$16.65 - \$17.15	\$16.25 - \$17.25	\$117,805	\$115,000 - \$119,000	\$112,000 - \$119,000





What's the Beef?

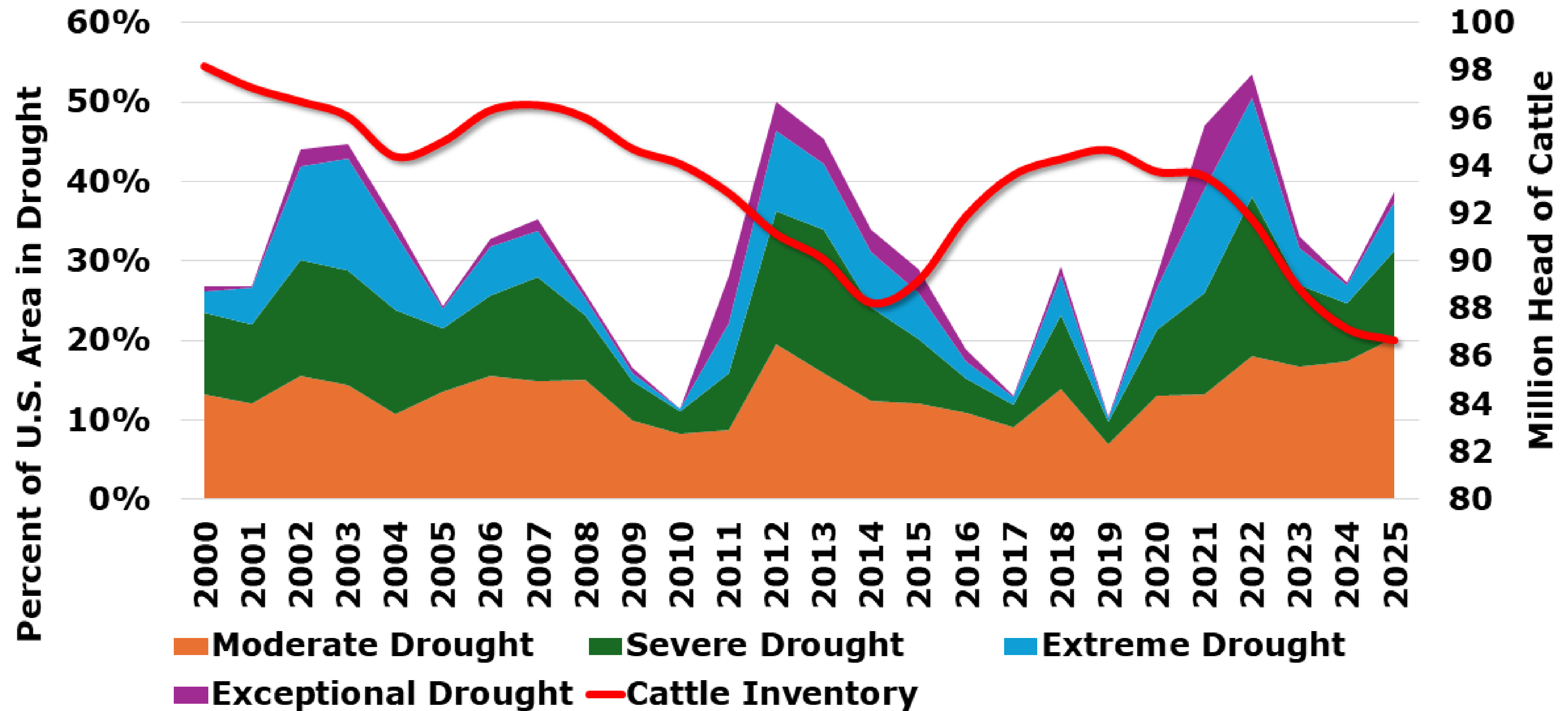
Red meat market dynamics

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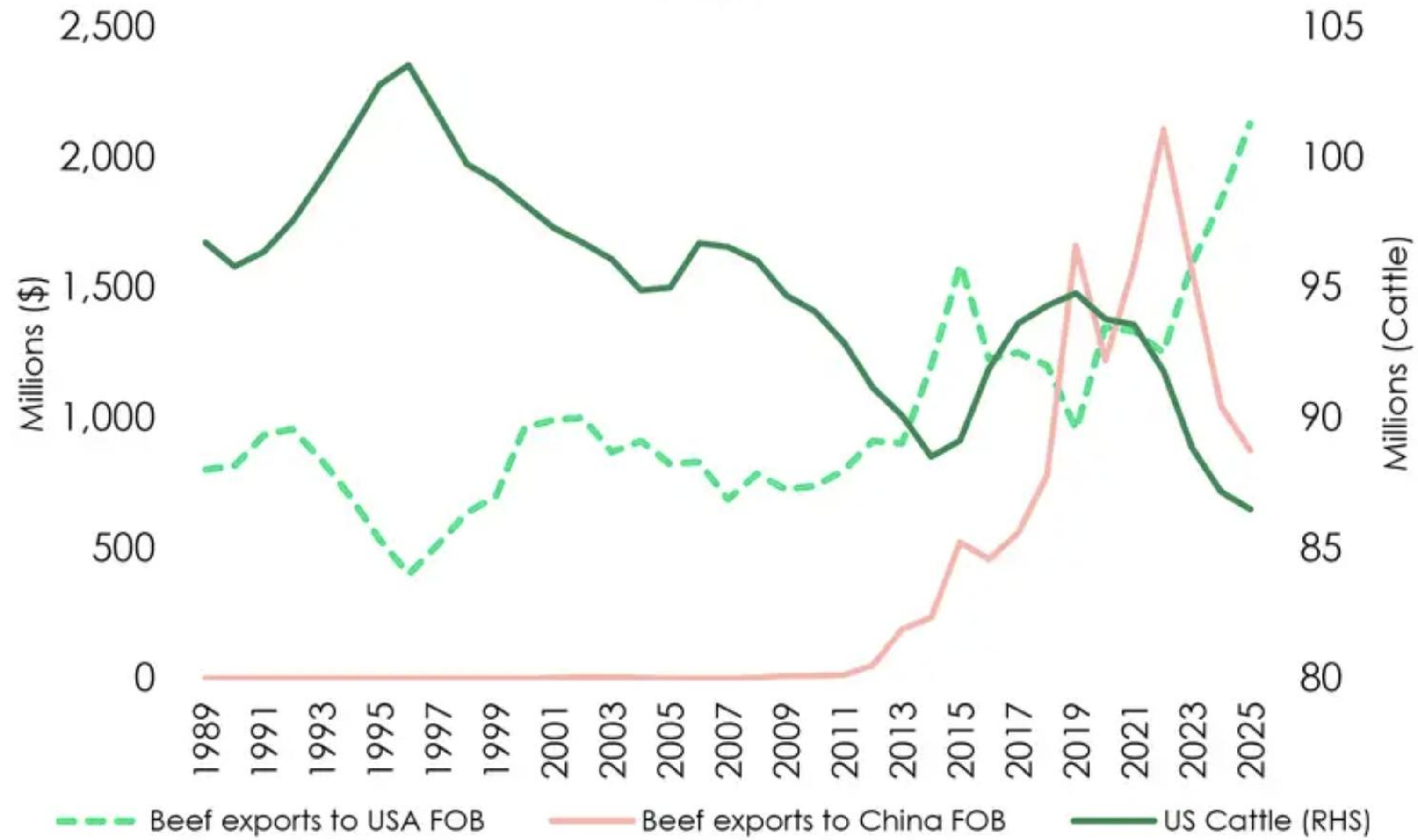


PERCENT OF U.S. AREA IN DROUGHT AND CATTLE INVENTORY

Moderate drought or worse | 2000-2025



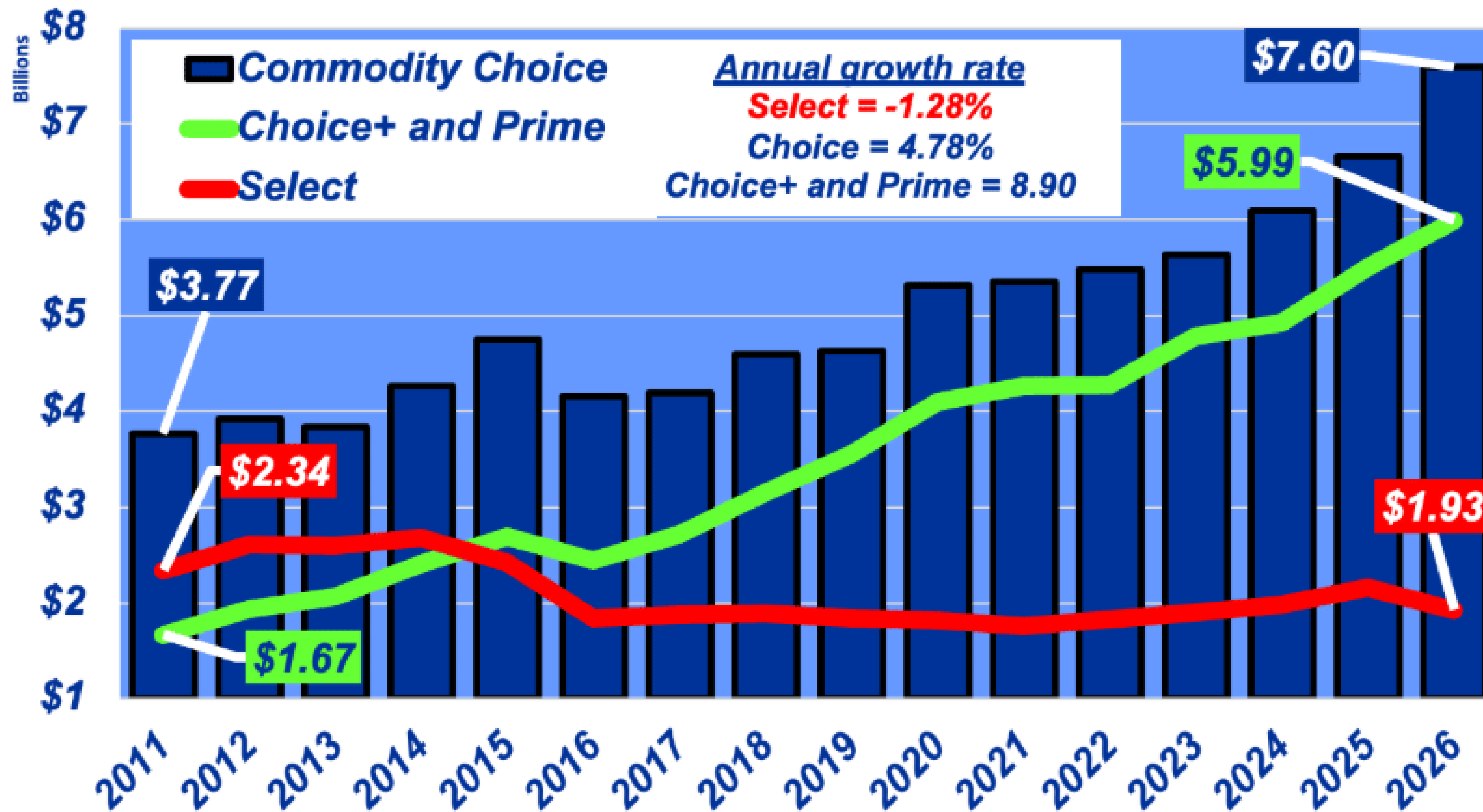
NZ Beef Exports Annual



Source: Kiwibank, Stats NZ, Our World In Data, USDA

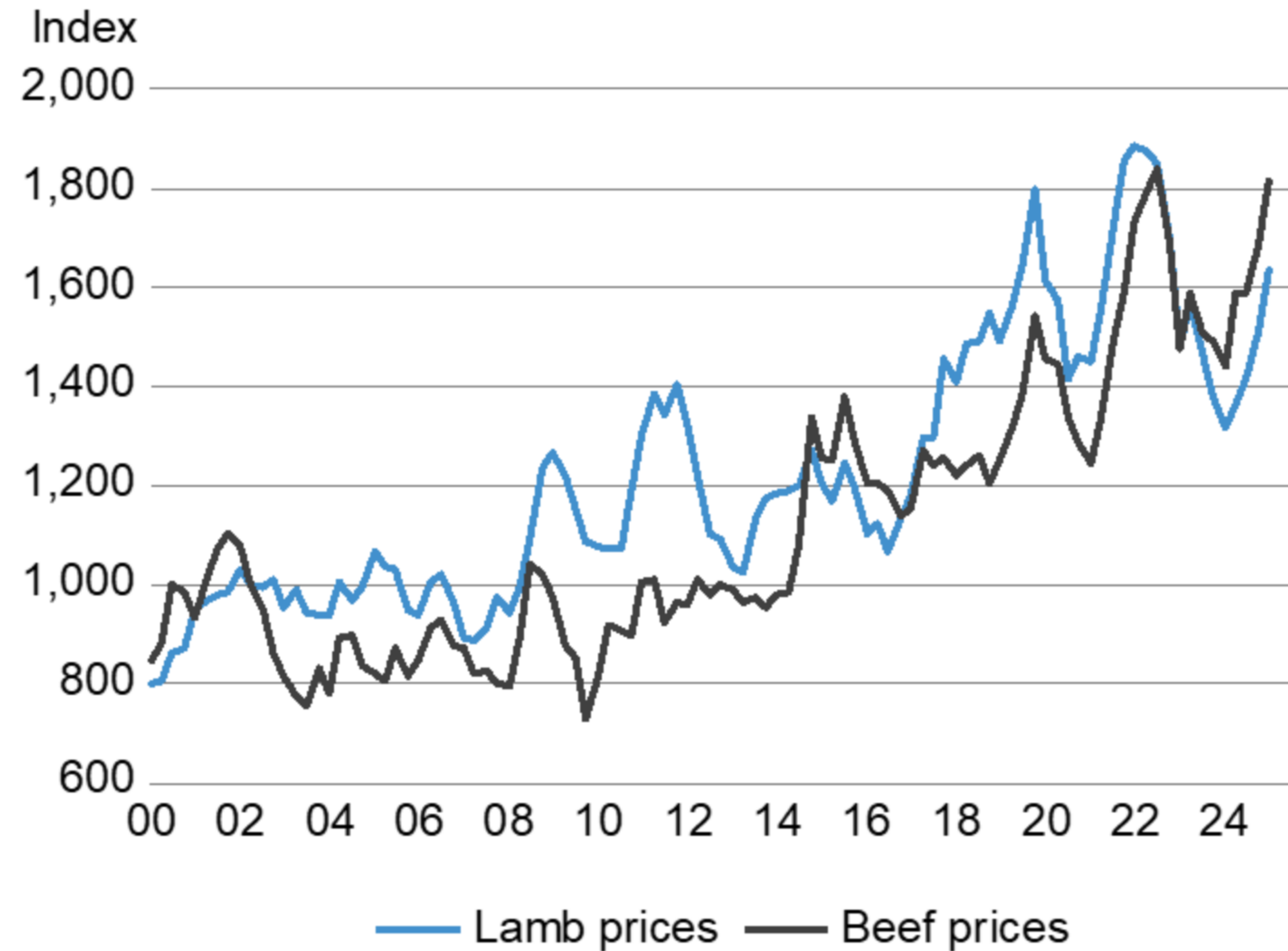
Chart 3: Boxed Beef Sales (\$B)
Jan-thru-June
CommodityChoice, Select, and Choice+ and Prime
Data Adapted from USDA:AMS

Nevil Speer



Source: Beef Magazine

Figure 4: Indexed beef and lamb prices (quarterly)



Source: Stats NZ

Road to 2050

New Zealand has committed to reducing greenhouse gas emissions to limit global warming to 1.5°C.

By **2030**

Gross methane emissions to be reduced by **10% below 2017 levels.**

NZ has committed to **reducing net emissions 50%** below gross emissions in 2005.

By **2050**

Gross methane emissions to be reduced by **24% to 47% below 2017 levels.**

Net zero greenhouse gas emissions — including offsets like forestry, other than biogenic methane (typically from agriculture).

Photo / Brett Phibbs. Herald Network graphic

Source: NZ Herald







Technology and Gen AI Tsunami

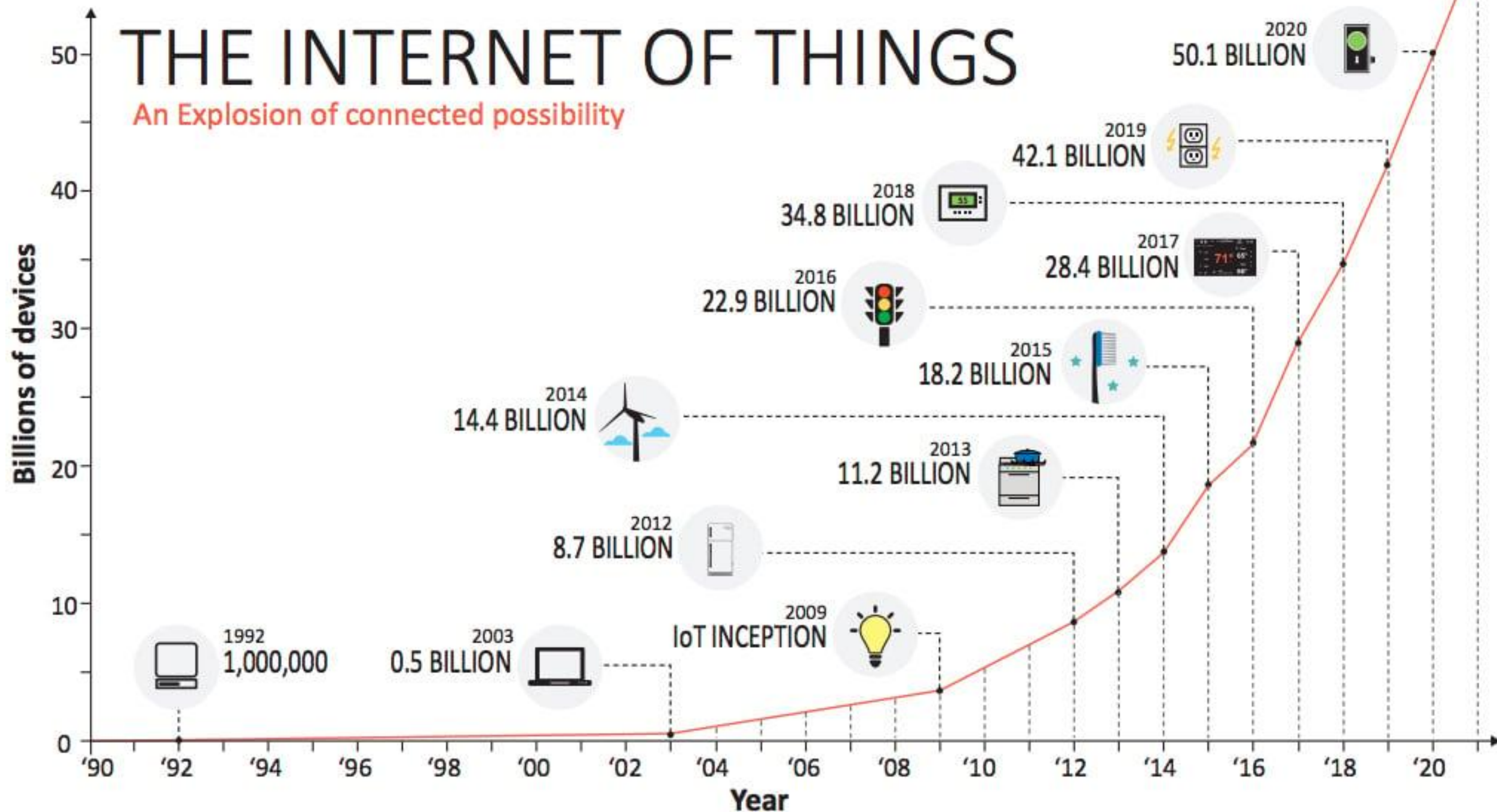
Wearables unlocking individual
animal performance

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THE INTERNET OF THINGS

An Explosion of connected possibility



Trend: from Cloud to Edge

Bringing computing resources closer to the data



Far Edge / IoT Smart Device



Edge Cloud



Cloud/HPC infrastructures



Federating far edge resources ad hoc via 5G to provide cloud resources close to the edge





 **NAIT**

NAIT TAGS

AND WHEN TO USE THEM

NAIT.co.nz/tag

BIRTH TAG
For all newborn animals



REPLACEMENT TAG
For animals that lose their birth tag

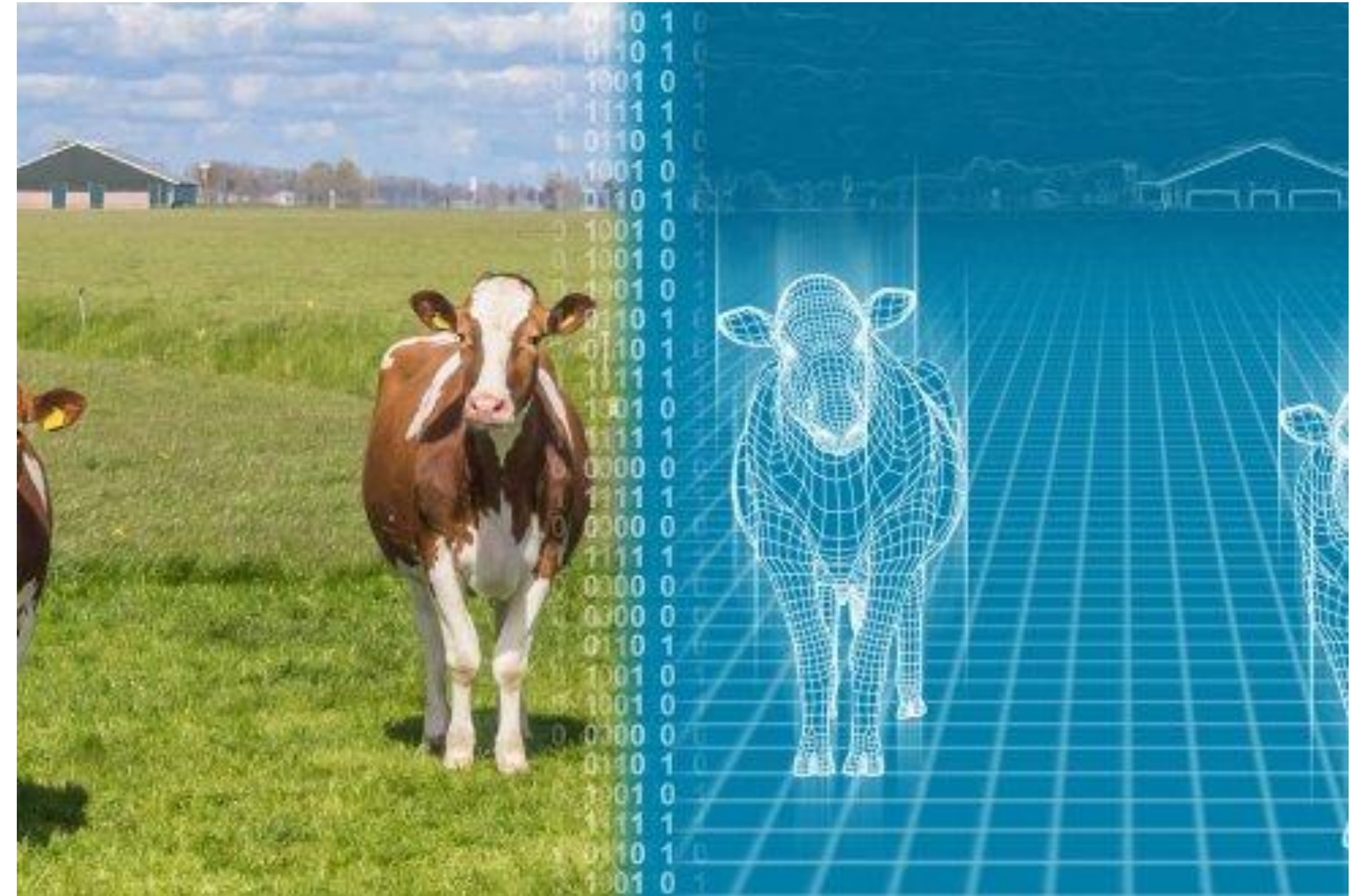




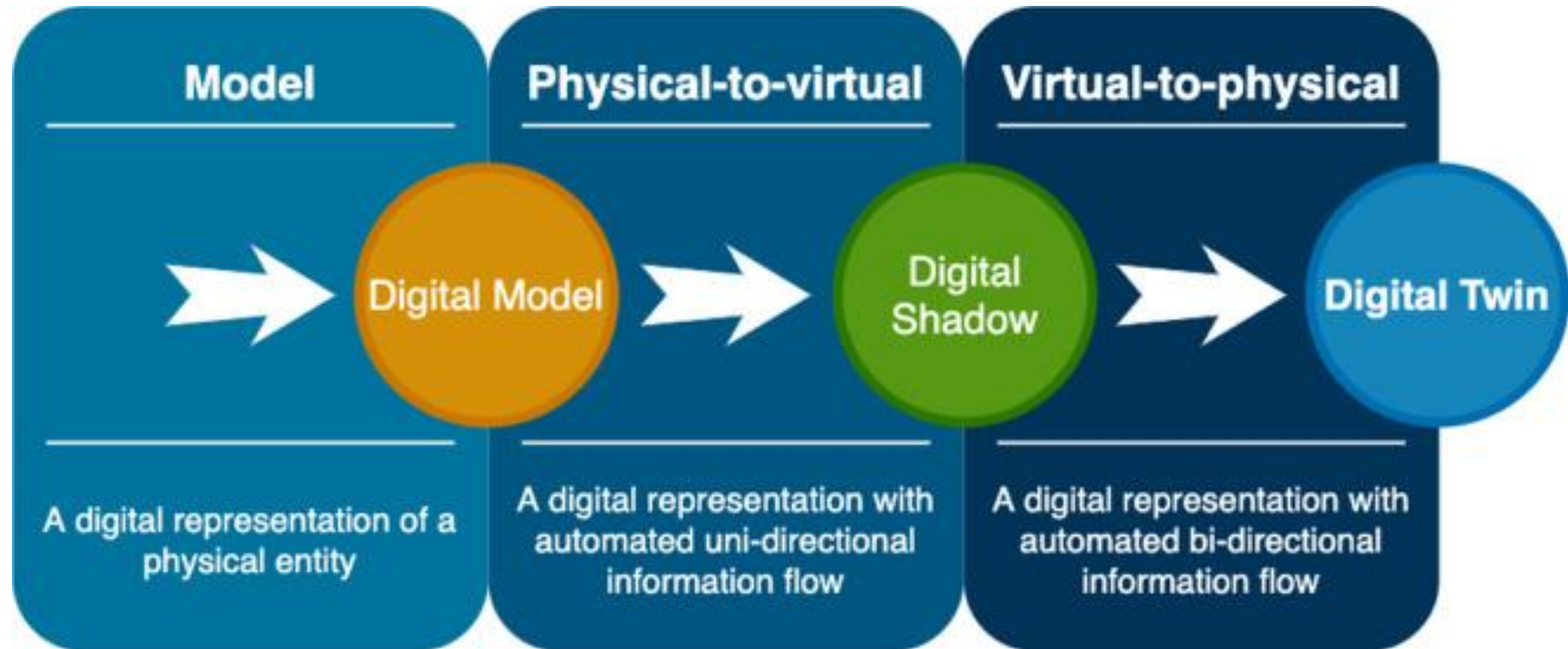


Digital Twins

- Farmers can now create virtual replicas ("digital twins") of their physical farming operations.
- These software platforms synthesize all incoming data streams—weather, equipment telemetry, market prices, and soil metrics—allowing agriculturalists to run simulations to forecast how changes will impact profitability before taking physical action.

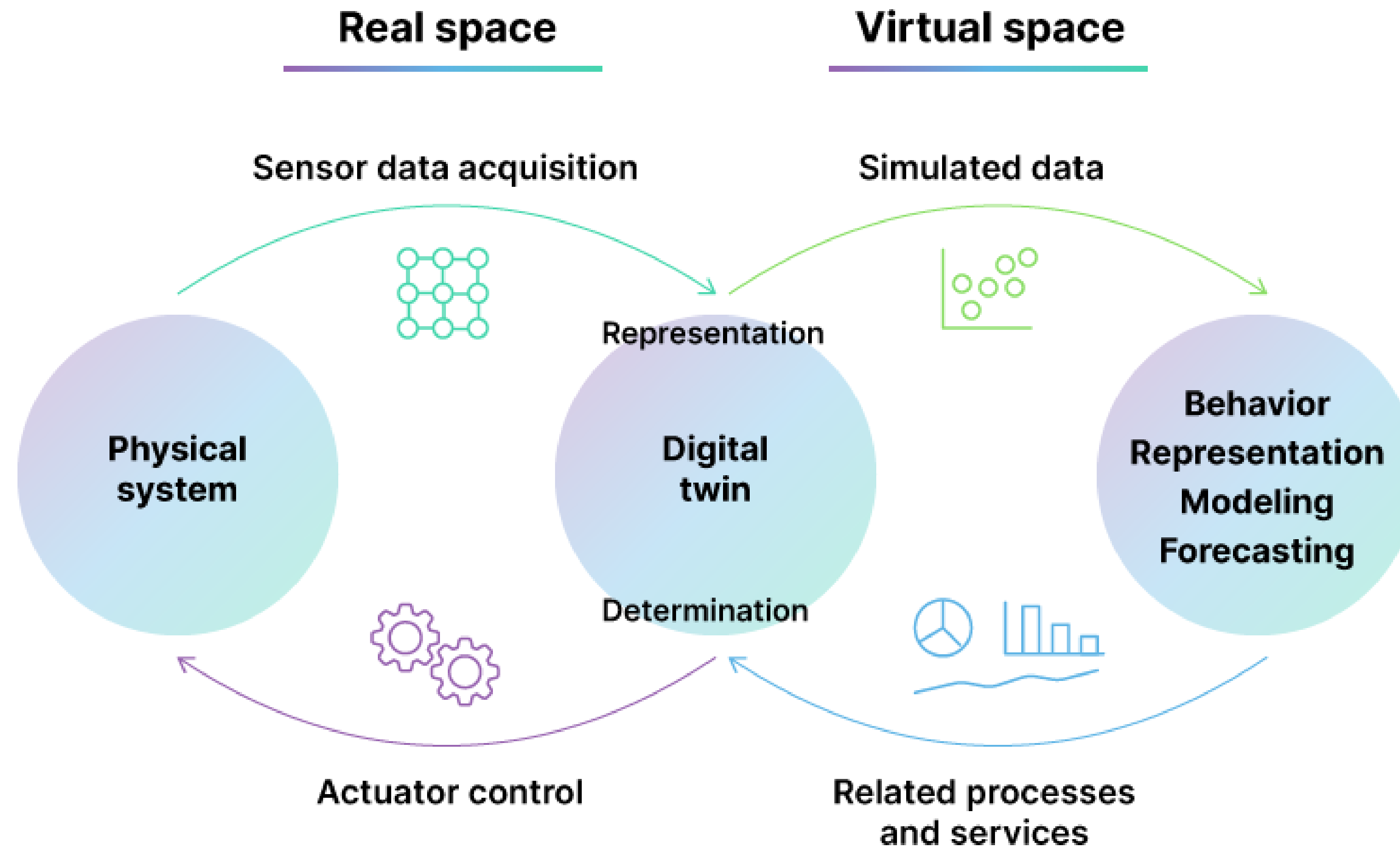


Progression to Digital Twins



Source: <https://www.sciencedirect.com/science/article/pii/S2772375522000594>

Real to Virtual Space



Source: MDPI

Why are we paying so much for food?

Its complicated - Exports, Import,
Market Access, and Margins



Why your groceries keep climbing?

- Here is the part that matters for everyone, not just farmers. If the country is earning record sums from food, why does food keep getting more expensive at home?
- The answer is that New Zealand exports the vast majority of what it produces, and the domestic price of milk, butter, cheese and meat tracks the world price. When Fonterra's payout hits a record, the price on the supermarket shelf goes up too, not down.

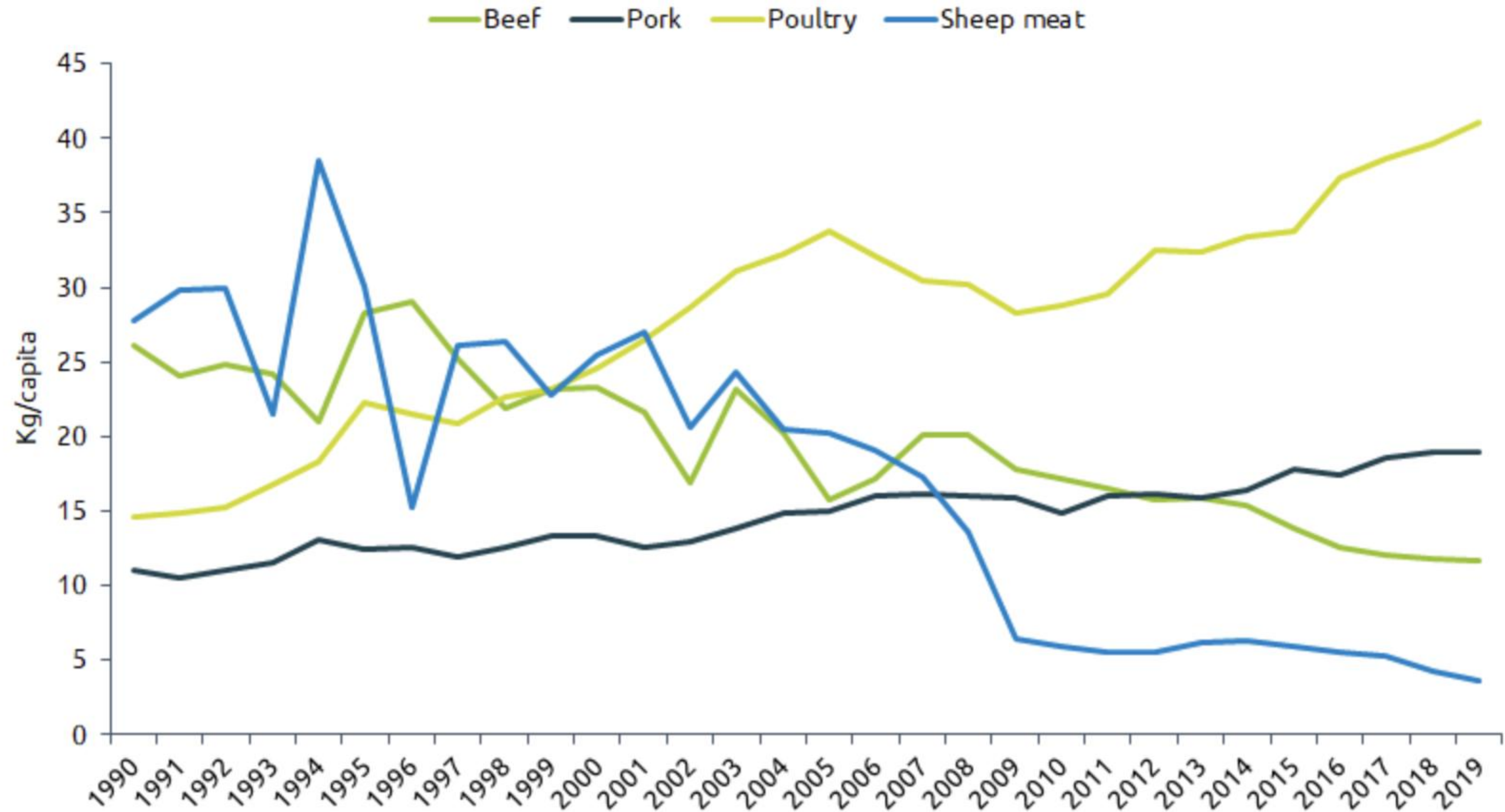
Exports driving Ag Economy



The numbers are blunt.

- Since 2020, the domestic price of milk, cheese and eggs has risen 37 percent, meat and poultry 31 percent, and fruit 46 percent.
- Food overall is up 31 percent, faster than general inflation at 26 percent.
- Stretch back to 2000 and the price of milk, cheese and eggs has more than doubled.
- The export boom is not a discount for shoppers, it is the reason the checkout keeps hurting.

NZ meat consumption, 1990-2019



Source: AHDB, OECD

Issues

- NZ Economy, Debt, and Productivity
- Exchange Rates
- Global Supply and Demand
- Market Access and Biosecurity Regulations for Imports for Poultry and Plant Products
- Duopoly Structure
- Margins around the edge of the supermarket

Issues

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Other Issues

- Arable and Seed Production
- Dairy Industry Productivity
- Domestic Vegetable and Fruit Production and Marketing
- Regulations
 - Biosecurity and Plant Imports
 - RMA
 - Trade and Market Access
 - Foreign Ownership
 - Supermarkets
- Talent and High Performance Teams
- Startup and access to patient capital

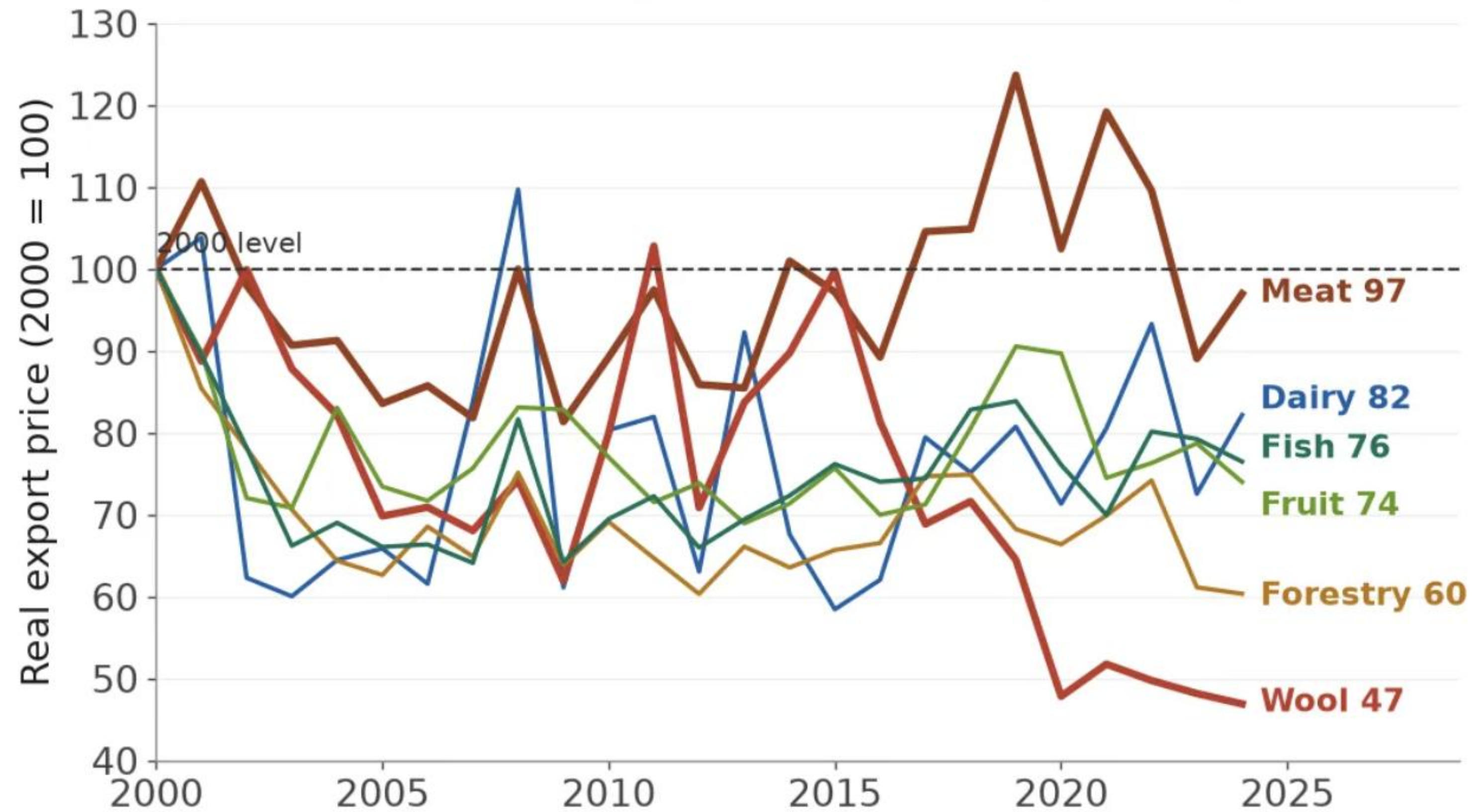


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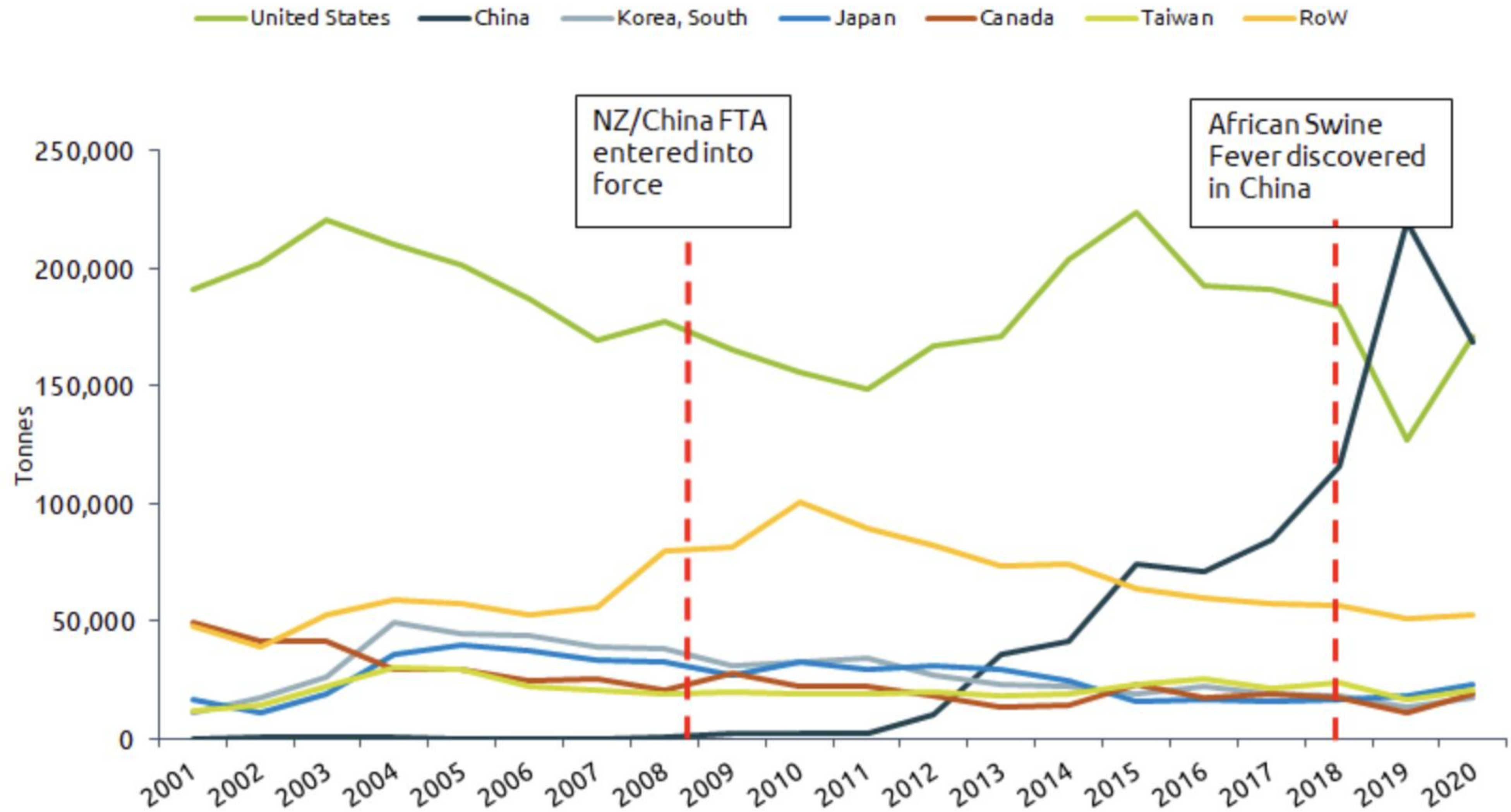
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In real terms, every sector earns less than it did in 2000



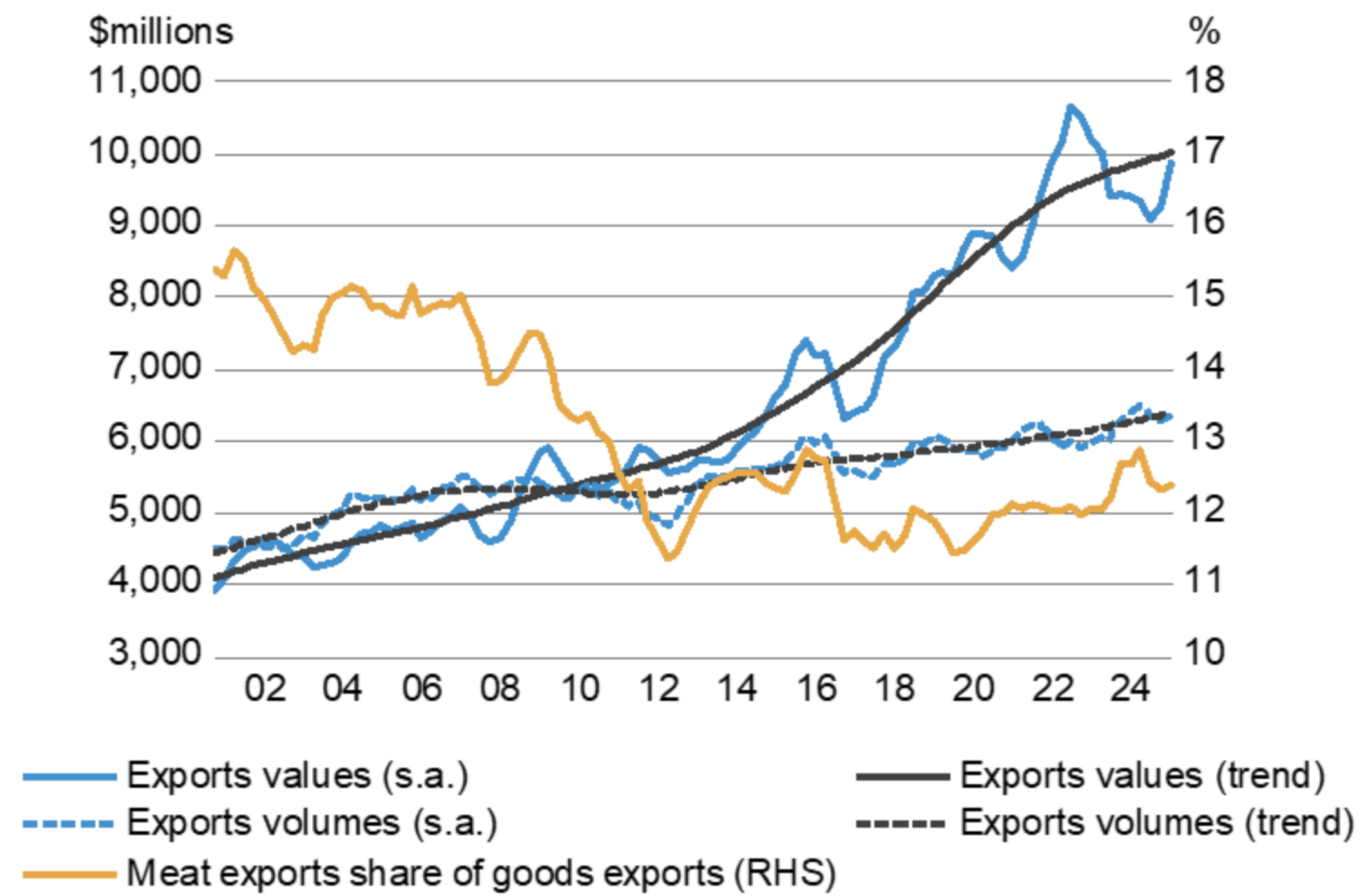
Stats NZ export price indexes deflated by the Consumers Price Index. Series ends 2024. Source Newswire data warehouse.

NZ exports of fresh/frozen beef



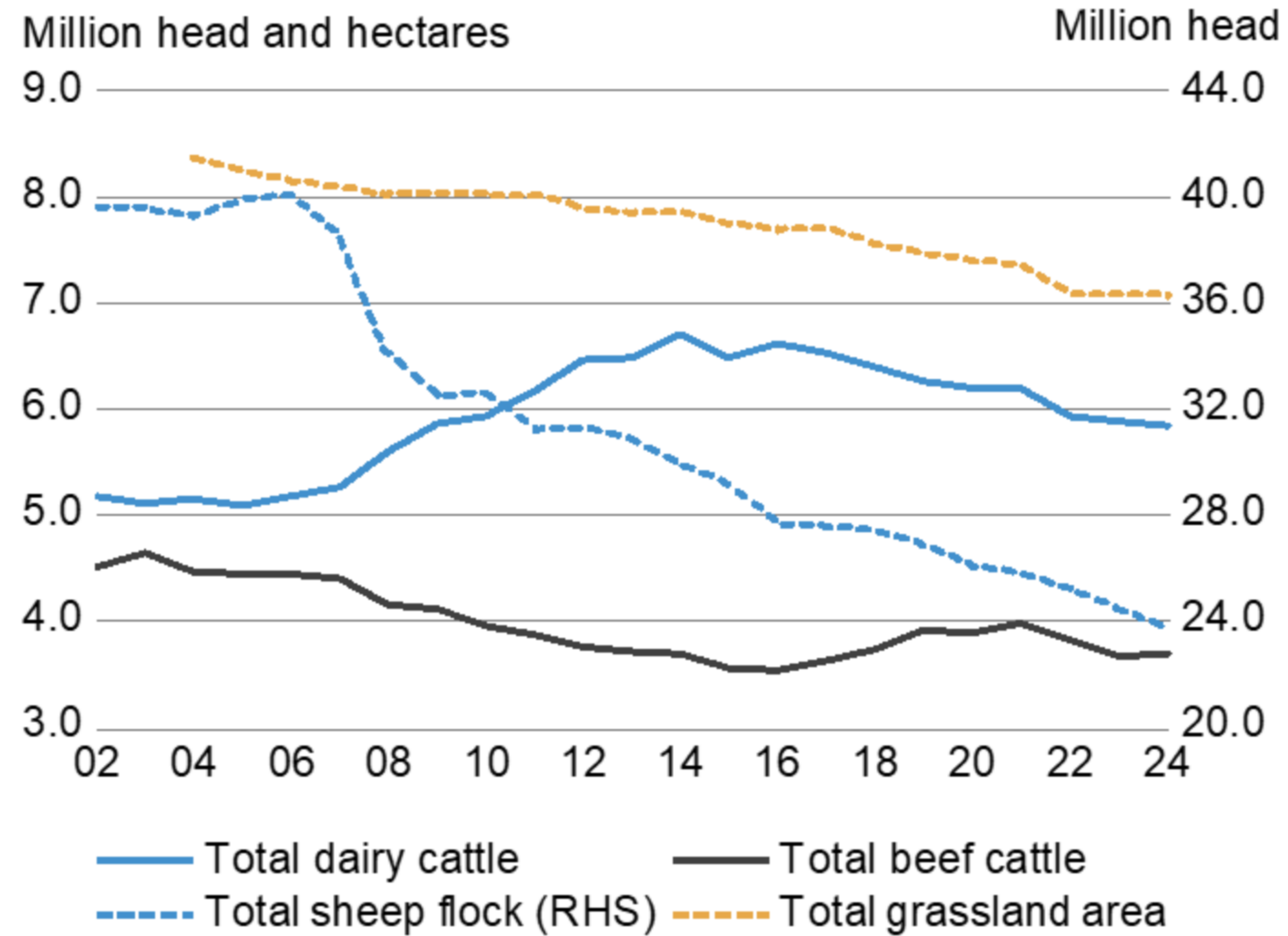
Source: AHDB, Statistics New Zealand

Figure 1: New Zealand meat exports and share (annual)



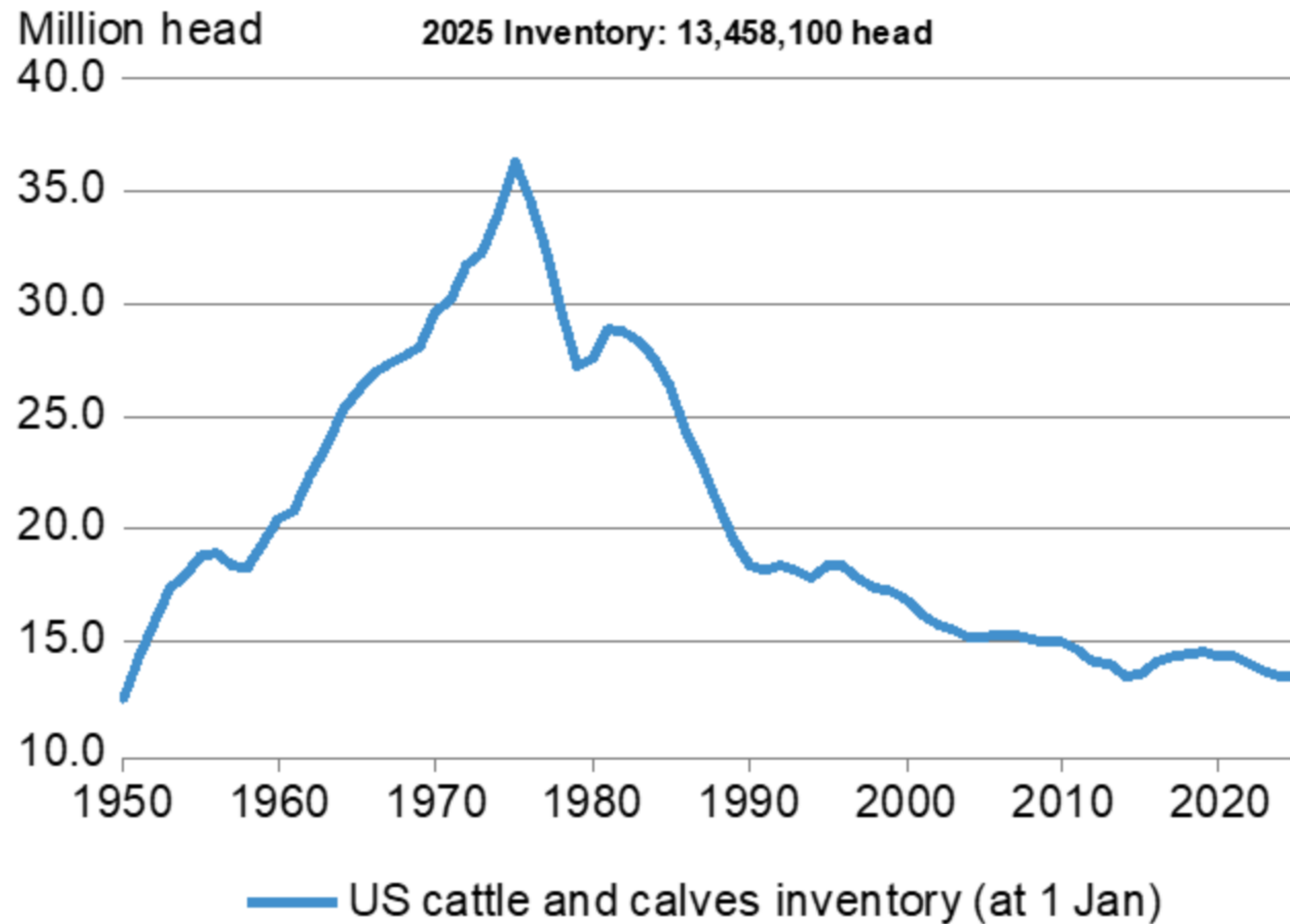
Source: Stats NZ

Figure 2: Stock numbers and grassland area



Source: Stats NZ

Figure 3: United States Cattle Inventory since 1950



Source: USDA