

Milksolids price plummets to region's alarm



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JOHN HAMMOND

"I hope the price comes back up a bit soon."

HEW DALRYMPLE

Farmers face \$300k less income

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The region's dairy farmers are reeling as the price they receive for milk dribbles downwards.

"There's no way we can run at a profit," said Wanganui's Bruce Cave this week.

He and wife Annette converted their coastal farm to dairy 20 years ago and still carry "millions" in debt.

In Ohakune, John and Helen Hammond converted their farm back to dairy last year, just before the milk price dropped. Earlier that year it was at a high of \$8.40 per

kilogram of milksolids — last week it was down to \$4.40.

"It's very, very difficult, and there's going to be a lot of people affected," Mr Hammond said.

Primary Industries Minister Nathan Guy, speaking at the BNZ Excellence in Maori Farming Award last week, was more upbeat.

"Most of 2015 was pretty tough for dairy farmers. Stay positive; stay focused — we will get through this," he said.

Hew Dalrymple, one of those involved with Te Hou Farm at Parewanui, had a similar outlook.

"We aren't in it for the short

term. We're in it for the good and the bad and the ugly."

Despite the low return, people are still converting sheep and beef farms to dairy. Farmers the *Chronicle* spoke to were hearing of conversions in Waverley, Horopito and Santoft.

"If you're an optimist this just might be a great time to convert. Land and cow prices could be down," Mr Cave said.

This year's milk price is the lowest since the 2006-07 season. Fonterra's payout for the season just ended is \$4.40/kg, with \$5.25 predicted for the 2015-16 season. It costs most farmers between \$5.50

and \$6 to produce a kilo of milksolids.

It's not only farmers who will feel the pain — the Wanganui region's economy will be \$50 million down on the previous year.

There are about 170 dairy farms in the *Chronicle* coverage area and they will have an average of \$300,000 less income. The situation is much worse for farms with a lot of debt to pay back.

Manawatu/Rangitikei Federated Farmers president James Stewart said farmers needed to make plans and most banks had been supportive.

Mr Cave said his situation

was further complicated by three dry seasons in a row.

His farm budget would be pared to the bone, and he has had to let one staff member go.

"I absolutely hate asking staff to look for another job."

He's planning to cut down on fertiliser, but said long term that would affect grass growth. "If we stop growing grass we will cut our income."

Mr Hammond wasn't sure how far the bank would carry his farm, and wondered how long the low price would continue. "Twelve months ago nobody predicted this. We have just got to keep going and get through it."