

2009 School Seminar Series

Waikato Management School
Te Raupapa



Dairy Productivity in the Waikato Region, 1994-2007

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Abstract

The dairy industry is a major contributor to both the New Zealand economy as a whole and to the Waikato regional economy in particular. The industry is experiencing a period of considerable change, with increases in dairy conversion, increased intensification, and increasing use of nitrogen fertilisers, each of which has an associated environmental cost. In this paper the productivity performance of the mature dairy industry in the Waikato region is investigated, using panel data at the sub-regional level from 1994 to 2007. Overall we show that, under a range of specifications, productivity growth independent of increasing land use and herd numbers is significantly below the three percent target of Fonterra. This suggests that, if the three percent goal is to be met in the absence of significant technological progress, further increases in fertiliser use, land use, and/or farming intensity will be required.

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