

WINTER, 2008

Seasons



Richard and Helen Ellis

Meridian helps Hawke's Bay couple reassess options

Rising energy costs, land use pressure and higher land prices are all putting the squeeze on farmers around the country. While much has been made of the boom in dairy returns, even farmers in this sector are grappling with cost increases resulting from the very commodity boom that has delivered better returns.

High global food prices appear to be here for good and the upside is a broadening of choices for land owners across the spectrum of land use options, including cereal crops, vegetable growing and dairy grazing.

Farmers like Richard and Helen Ellis of Ongaonga, Hawke's Bay are well positioned to make some timely choices across a range of land uses for their business over the next 10 years.

Richard and Helen farm 300ha of land at Ongaonga, along with another 460ha near Otane, north of Waipukurau.

Lamb fattening and cropping have been their predominant income streams, but the rising cost of inputs is forcing Richard to

re-assess what his options should be over the next five to ten years.

"The cost of transport for lambs now is two to three times what it used to be only a couple of years ago, and the margins are pretty tight."

Like most farmers he is seeking greater leadership from the meat industry, and would welcome the vision and abilities of the likes of Fonterra's Henry van der Heyden at the industry's helm.

The Ellis's have 40ha of irrigated land on their Ongaonga property that has proven valuable lamb fattening and cropping country, cropped with 10-15ha of peas, alternated with pasture.

Richard has also planted malting barley on non irrigated country in the last two seasons, drawn back to the crop after a turn around from poor returns to prices closer to \$450/tonne this coming season.

Two years of consecutive drought however have squashed yields to 4t/hectare, and higher fuel costs are also offsetting some of the value gains. Despite the world shortage of grain stores, Richard is sceptical about how long the world market will hold up to justify growing more on the irrigated country.

With the rising cost of fuel and fertiliser, he is increasingly thinking livestock may be the better way forward, compared to the cropping option where fuel and fertiliser demands are greater and the scale overseas growers enjoy is lacking.

Water availability is now a real constraint many farmers in the Hawke's Bay region now have to work within. A moratorium has been placed on water take until aquifers are assessed, demanding more efficient use of what water is allocated.

For farmers on "pancake flat" land like Richard and Helen, this has effectively limited their irrigated area indefinitely.

To gain better efficiencies the Ellis's are considering replacing the aging Rainbow gun system presently used, with a centre pivot irrigator.

Two years of consecutive drought have highlighted the value of the irrigation, and Richard did not turn off the guns last year until June, and April this year. The moratorium has slowed the conversion to dairying in the Hawke's Bay region, but he has not ruled out the possibility in coming years.

"I would not shut that option out. As you get older, you need a business

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where you step aside from the daily "doing" and dairying with scale does provide that option, and a means of succession. I don't know though if I will be the one doing the milking!"

Dairy grazers could also be an option for the couple.

"With your input costs higher, as farmers we have to think how we can make money without using too much energy, I think this will be the big challenge for us over the next decade."

At least on the electricity front, the installation of a Meridian Smart

Meter is helping the couple simplify and smooth the cost of electricity across the nine metering points on their properties.

Transmitting the usage monthly eliminates the need for a meter reader to access the sometimes difficult sites around the farm. It also means the couple have a bill reflecting actual use, rather than an average with its seasonal discrepancies in it.

"I also like the fact that when I call Meridian, I speak to a person, not a machine, who is our business

manager, it makes getting new accounts hooked up and sorting issues a lot simpler," says Helen.

Very soon smaller scale irrigators like the Ellis' will benefit even further from Smart Meter technology by being able to view consumption over the internet, to help analyse and manage energy use better.

Smart Meter technology will also enable irrigators to use their valuable water resource smarter by integrating them with water

flow meters in a programme called Irrigation Manager.

"This will allow water use and electricity consumption to be analysed more closely over different periods, providing data on efficiency rates per hectare, and highlighting problems such as declining pump efficiencies," says Bill Hewitt, Meridian's Senior Rural Account Manager. There is a trial in place now, and he is optimistic the technology will be available to Meridian rural customers within 12 months. ■

Farm dairy power savings simple

Flicking on the switch for the farm dairy in the early morning is part of every milking ritual, but one where a surprising amount of savings can be made, often for negligible outlay.

Winter is an ideal time before the milk starts to flow to identify where the electricity savings can be made in the farm dairy.

Meridian's senior rural account manager Bill Hewitt is based in the heart of Waikato dairy land at Morrinsville and oversees two other rural staff in the South Island.

Maybe it is from spending 40 years around electricity, but Bill brings a buzz of enthusiasm to his role, spending much of his time educating and informing rural clients on simple solutions to cut down their power costs.

Transformer "often forgotten"

In many cases the savings begin at the road side, with the dairy's transformer. With many farms consolidating and milking more cows through one shed, demands placed on those sheds have often leapt or crept up. However the roadside transformer has often been forgotten or left off the budget.

"I urge anyone to get their transformer as close to the shed as possible to maintain steady reliable power supply and avoid costly damage and down time over milking season from poor voltage levels."

Spending the extra \$3000 or so on a transformer this winter when

upgrading will save much through the season by ensuring motors run at optimal power levels, and increasingly sensitive electronic control systems are not damaged by power surges.

Main power feeds to farm dairies may also need upgrading. Over time high pressure pumps and chiller motors may be replaced with more power hungry models requiring a larger capacity cable to deliver sufficient power.

Old sheds over spec'ed?

In older farm dairies Bill is surprised how it is often the same things year after year he sees that are really costing in power consumption.

Vacuum pumps will often be mated to electric motors over spec'ed for the dairy's requirements, delivering 15-20 horsepower when 7.5hp may suffice.

"Straight off, replacing with a smaller motor will use half the power, and when it's running for 5-6 hours a day, that soon adds up."

Often vacuum pump power consumption can be reduced further by installing a VariVac vacuum control unit that adjusts power supply to an optimum for the conditions the pump is experiencing.

"Often the installation of this gear will be resisted by the owners in a share-milker set up, but share-milkers can take the gear with them if they leave the job. The equipment also has the advantage of high depreciation rates early on, bringing payback within two to three years."

Key power saving tips for rural householders this winter

WATER HEATING

- **Insulate all hot water delivery pipes.**
- **Check hot water temperature** – it may be too high, 60°C is adequate.
- **Consider an off peak pricing scheme** – check your hot water system can handle it.
- **Insulate older cylinders with wrap** – you can save approximately \$100/year.
- **Check for leaky hot water taps.**

HOME HEATING

- **Consider a dehumidifier** – it will reduce moisture in the air. Less energy is required to heat the room and makes your home healthier.
- **Heat exchange pump** – be sure to check out manufacturer's specifications before considering one, they may not be suitable in areas with extreme temperature conditions.
- **Double glazing** – it will soon be required on all new buildings, and could be a good option for retro-fitting older homes.

APPLIANCES AND LIGHTING

- **Florescents** – they can be ideal for large farm house kitchens in older homes, delivering light at a quarter of the cost.
- **Microwaves** – will consume less power for cooking, so use where possible. Don't set the clock and you will save even more power over a year.
- **Refrigerators** – decide if you really need that extra beer fridge, especially over winter, and switch it off. Check the seals on all fridges and freezers – old models can have a big impact on household power usage.

Silos sorted for summer

Maintenance of vat chiller units in winter could be as simple as blowing out the radiator units with compressed air to ensure more efficient air flow over still, hot days. Increased meal feeding and the resultant dust from meal silos is often blocking units, even on newer set ups.

Vat wraps on milk silos were popular some years ago, but Bill advises farmers to carefully consider vat location, exposure to direct sunlight and periods over which the vat is intensively cooling milk before making the investment.

"They have a place, but not everyone will enjoy full benefits from them," says Bill.

However wraps around hot water cylinders that are older than 10 years will always prove a power saver, and are easily bought from rural suppliers.

Light savings plentiful

The simplest requirement in any dairy first thing in the morning is lighting, and this often offers excellent opportunities for power savings.

"Anyone looking at upgrading their shed, I tell them to get florescent lighting in, its consumption is about a sixth of incandescent bulbs, and the light quality is better.

"Often natural lighting is compromised by dirt and dust on the Perspex roofing material, nothing a good clean will not fix."

Audit an easy answer

Meridian has a full audit checklist for farmers across all aspects of their operation, from farm dairy to workshops and houses.

Bill says many will be surprised at how simple power savings can be.

While national averages in consumption are almost meaningless because of the

variety of farming systems used, Meridian can provide clients with a regional comparison.

This is a valuable benchmarking tool that can be used to provide incentives to staff on savings, and help larger corporate sized farms compare between operations. ■

Lessening winter's bite with smart power savings



The southerlies that hit the coast of Southland signal winter's early arrival, and bring more than a touch of Antarctic ice embedded within them.

Wendy Shaw admits it took some getting used to when she and partner Shane Baker moved down from the Waikato three years ago to their 900 cow dairy equity property at Waihoaka, on the road to Tuatapere.

Always an optimist, Wendy believes the coastal climate has a "good cold", compared to the dampness she was accustomed to in the Waikato.

With winter's icy breath however comes the need for a home that is warm after a day's hard work in

the cold, and one that has not cost a fortune to get that way.

Keen to find ways to cut back on their farm's energy needs and lower their power bills, Wendy opted for Meridian after discussing power saving options and billing alternatives with key rural account manager Tracey Gordon.

A meeting with members of the Invercargill Dairy Women's Network (formerly the Network for Women in Dairying) on energy efficiency highlighted some key areas where costs could be recovered in farm houses and dairies.

Water heating big chunk of power bill

"Almost half of the energy cost in a house goes on heating water, and savings can be made simply

by investing in a cylinder insulating jacket if the cylinder is over 10 years old," says Tracey.

This is one of the initiatives Wendy has taken in the farm dairy, while they have invested in a new cylinder downstairs in their house.

The pipes carrying hot water around the house are also key areas of heat loss, particularly if the cylinder is not located in a central spot, and losses can be minimised by lagging them in insulation sleeves.

As appealing as a nice warm cylinder cupboard may be when searching for your woolly socks first thing in the morning, Tracey says ambient warmth around the cylinder indicates heat loss. With that come unnecessary power costs.

Changing the electricity plan the home water heater is on may be another way to make a dent in heating charges.

"It will always be cheaper to buy power at night at off peak periods, but you do need to know your cylinder can hold heat long enough to do that," says Tracey.

A simple test is to switch the cylinder off first thing in the morning and leave it off until later in the evening, subject to the usual hot water demands over that period.

This may be a challenge in a farming household, where anyone spending a day out farming wants a shower or bath once inside, rather than first thing in the morning.

Number 8 technology helps keep heat in

After water heating, room heating accounts for around 20% of a household power bill, even more in colder areas.

The figures on where heat losses occur are staggering, says Tracey.

Over a third of heat is lost through ceilings, a quarter through walls and 13% floors, making simple insulation a basic requirement, particularly within older farm houses in exposed, windy areas.

For Wendy and Shane, the installation of a Yunca Blenz burner and a heat pump made the best replacements for an increasingly expensive diesel burner. Installing a heat ducting kit means the house can be efficiently and cheaply heated throughout.

The couple are progressively improving the insulation in their house, including installing Pink Batts which few houses more than 20 years old have, either in the ceiling or walls.

"Once you have done what you can with insulation, it is better to take a room by room approach to heating, choosing a heater that fits the room size, rather than one big one to try and do the whole house," says Tracey.

Plasma TVs suck power up

Lighting and appliances account for almost a third of most household power bills, but this amount can be influenced by the lure of a plasma TV purchase to catch winter rugby and netball on.

"The power draw on a plasma is around 10% more than a conventional TV, and few customers realise just how expensive they can be to run."

While "standby" may mean no picture on TV or sound on the stereo, it does mean power is being drawn down at around 10 watts. Switching all appliances off at the wall soon adds up for savings through the year.

Meridian is a network sponsor for the Dairy Women's Network and through this contact Tracey has been able to meet and work with the members, helping them with the realities around energy savings. ■



Sue Lindsay

Hands on experience lends depth to speaker's vision

Auckland to Ashburton is a big move to make for anyone opting out of the anonymity of the big smoke to run a Canterbury sheep and beef farm- it is an even bigger move when you may have only a passing knowledge of farming and farm life.

This was the shift Vicki McArthur made when her and husband Dave went south to take over the family farm. It is always a big step for any spouse or partner to step onto the land of their in-laws. It was one made all the more challenging by the distance Vicki had then had from her own family in the North Island who she is particularly close to.

Recognising the challenge he had set for his wife "dragging me kicking and screaming south", Dave encouraged her to attend BNZ's Women in Agribusiness course last October, held over two days.

Also encouraged by Megan Munro-Holmwood of the BNZ, Vicki attended with three friends who represented the broad appeal of such a course to women in agriculture. She was off a sheep, cattle and cropping farm, two others from dairy farms and one was a vegetable grower.

Run by popular strategic coach, management consultant and speaker Sue Lindsay, all four women returned from the two day course re-energised and focussed, not only on their farm businesses, but on how to get more enjoyment out of life beyond the farm gate.

"Given our varied backgrounds, I had to wonder how she would be able to make all of us sit up and listen. Did she ever! We were all very pleasantly surprised," says Vicki.

Sue Lindsay brings a life long passion for agriculture and business to the course Vicki says was made more motivating by Sue's own experiences on the land.

Sue grew up in Winton and ran the family farm for three years after her father died. She was general manager for CRT for nine years and was awarded the World Young Business Achiever in Beijing last year for her dynamic approach to business and life.

"For two days on this course she had a captive audience, and she was also very, very funny - I don't think you should be farming unless you do have a sense of humour," says Vicki.

Sue maintains that before even looking at where to take your business, a hard gaze at one's own life is mandatory, particularly defining what your personal definition of success is.

"There is so much pace in our lives, often people can't answer what success means to

them, and defining that will define what you want your life and business to be from that point on."

Sue says with the inevitable inter-twine of life and work that happens on a farm, it is even more vital to look at other industries for inspiration and ideas on how to get that life-business balance right.

She asks her delegates to "look across the veranda" of the farm in their minds, and really question what they want their lives and the business they see from that veranda to look like in several years time, and how great it can be.

"Between 95-97% of people have very little clarity in their short-medium term goals, and once you have defined success it gives you the inspiration to keep going when times get tough.

Once you have defined it and have a clear plan how to get there we find the outcomes are quicker than they realise, often only months."

Vicki says she enjoyed Sue's emphasis on including personal, non business goals.

"We had to write a letter to ourselves, listing goals to achieve over the next six months. Sue mailed it to us six months later. It was rewarding to get that letter just the other day and see how far along I had come."

For Vicki a couple of goals were to play golf (achieved with great enjoyment) and learn a more hands on approach to farm systems instead of doing just book work alone, reducing the pressure on Dave to do the job.

Anyone farming with their spouse knows how easy it is to both go their separate ways during the week with little communication on who is doing what, despite sharing the house and the business.

Simple tools like setting an action plan of goals for the week with Dave is now a vital part of their week first thing on a Monday.

While the BNZ courses are for women in agriculture, Sue stresses the outcomes are not exclusive to the female half of the farm business partnership.

"We want to consciously create a pathway to share the work done on the courses with spouses and families so they feel involved and bring their own goals and ambitions out to be discussed, not something all men do easily."

Vicki continues to discuss her goals monthly with her friends that shared the course, and she is an enthusiastic advocate for a similar course to be run for men.

"It has certainly made a big difference for me, I want to be here now, and know where we are going." ■

We'd like to hear from you

We'd like to hear what you think about *Seasons*, and what you'd like to see in future issues.

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