



Miscanthus New Zealand Limited

Update from Miscanthus NZ

29 September 2020

Miscanthus – Market taking off

The demand for Miscanthus is finally taking off. The result is that it is a very rapidly changing investment scene. New and expanded uses for Miscanthus are appearing, and new sites are being planted, perhaps this year, doubling the area of planted Miscanthus in New Zealand.

All of the harvested material that Miscanthus New Zealand Limited (MNZ) had in store from 2019 harvest has been sold. There are only a handful of broken or partly broken bales in the Putaruru store, and the material that had been stored at other sites has now all gone to customers. In addition, all of the 2020 production was committed early on to existing customers, and it has already been sent to them.

It is safe to say that demand - which continues to expand - is already exceeding supply. If anybody wants to be sure of getting some of our harvested product next winter, they will need to put in an order very soon and pay a deposit to secure the supply. One large existing customer is already in discussions with MNZ about this.

So it is evident that we need further areas to be planted, either to be grown on contract for MNZ with the sale price guaranteed, or in exceptional cases to be grown as a joint venture between MNZ and the landowner. Existing uses - such as bedding for dairy sheep - are expanding as new farms enter that industry, but new uses are also coming to the fore. Examples of the markets now include:

- Shelter on pivot irrigated dairy farms in Canterbury, which increases net production from the farm despite the area taken up by the Miscanthus.
- A receptor crop for abattoir effluent to reduce leaching of nutrients to the water table, while also producing a useful product with multiple markets.
- Feedstock, along with cereal straw, for the production of SuperChar - for an initial plant that will be set up in Canterbury. MNZ has engaged an engineering company, Aurecon, to work on the capital requirements for this. We know that this can and almost certainly will lead on to the production of renewable diesel in due course, as the plant expands.
- Being a receptor crop for dairy shed effluent so that on-farm nitrogen leaching is dramatically reduced, while also producing a useful product with multiple markets.
- Bedding for dairy sheep and dairy goats. The dairy sheep farms are currently the major customers for the product that MNZ harvests. The dairy goat people, who have successfully trialled Miscanthus, may take some time to be weaned from their existing bedding supplies - but these seem to be currently going up significantly in price.
- Bedding for cows, either for when they are kept off-pasture in barns during winter or when they are housed part-time in composting barns. It is interesting that dairy cow composting barns are becoming much more popular now with the only limitation being the supply of good quality cost effective bedding.

- Bedding for calves. Demand for this is expanding rapidly, particularly in the South Island. There has been nothing but positive feedback about this use. Seriously interested farmers are now establishing their own crops.
- Being a receptor crop for treated sewage effluent to reduce nitrogen leaching while creating a useful product.
- Commercial mulch is another huge market that MNZ has barely touched. Lincoln research has shown that when Miscanthus is used for commercial mulch, it is very successful. In addition, the landowner on whose property the research was done, has reported that unlike other mulches, the benefits of using Miscanthus mulch last for more than one season without it having to be replaced. MNZ has not yet been targeting this market because we do not have sufficient material to supply any orders for commercial mulch that may come in.

MNZ is also getting interest in investment for Miscanthus establishment and production. One or more of these will almost certainly add to the area that will be planted in Miscanthus this year. But New Zealand needs considerably more Miscanthus to be established. Miscanthus is a profitable crop with guaranteed markets and importantly, with no work required of the landowner once it is successfully established. It is, therefore, an ideal crop for landowners who are getting older and who do not want to continue to put lots of physical work into their farming business.

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