

Taranaki's inaugural Federated Farmers FarmDay was hosted by Murray & Zoe Barrett on Sunday 1st March. A great day was had by all and we thank all those who made it such an eventful day.

TARANAKI

FEBRUARY/MARCH 2009



Photos courtesy of Neville Wallace

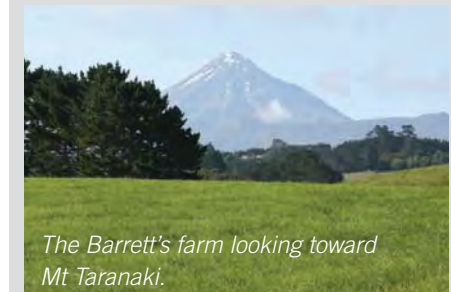
Uncertain times

In these uncertain times farmers need to be proactive in budgeting for the next few years and regularly update their cash flows when new information comes to hand.

Fonterra needs to come out with a forecast for the next year so all sectors of the agricultural industry, as well as suppliers of goods, can make forecast budgets. This would give certainty to everyone, even if we return to the low \$3.63 payout of 2002-2003.

Owners and employees need to be aware of their obligations in the contracts they sign and both parties must do their utmost to keep children safe on farms. Having an employment contract is not only legally required but is also essential, please make sure that your put one in place with your employee/employer to avoid conflict. Ensure that you go through the contract together and discuss any clauses which may need clarification. Phone 0800 327 646 to order Federated Farmers Sharemilking and Employment contracts.

Taranaki Federated Farmers FarmDay (held on Sunday 1st March) was an opportunity for town to meet country. The day was not just for urban people but for farmers as well. We had the Taranaki Regional Council present to speak on riparian management, weeds and pests.



The Barrett's farm looking toward Mt Taranaki.

The renovation of Taranaki Federated Farmers' building is well under-way and is looking to be completed by mid April. We are still accepting donations for the building and a good number of members have already donated, so get your name on the wall by ringing Shelley at the office (06 757 3423).

Peter Adamski - Taranaki President

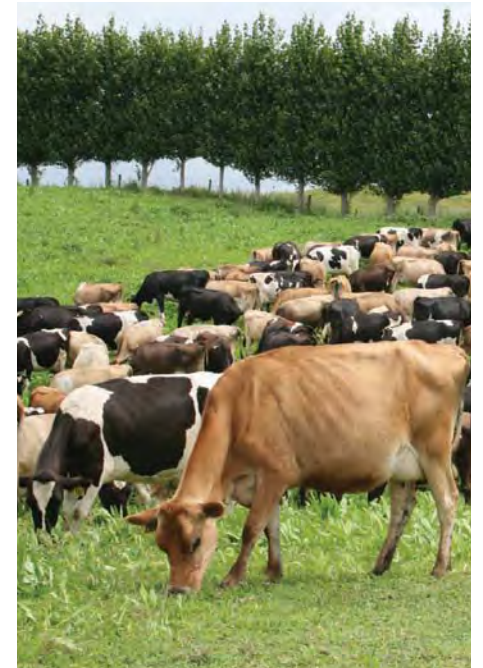


Two big issues facing dairying

The two big issues, at the moment, are this season's payout and the drop in commodity prices. Although they are all linked, largely by the global credit crisis, each presents their own set of problems for New Zealand dairy farmers.

Obviously this season's payout drop is the first major concern. In addition to the mid-season drop from an initial forecast of \$7.00 to \$5.10, there are other things about this season's payout for farmers to consider. Firstly is the deferment of the payment of the first 20cents of the value add component until October. This could signal a move by the Board to potentially retain most, if not all, of the value add portion of the payout. If this happens the final payout could potentially be a modest \$4.65, which will leave some farmers' cashflows over winter very tight given that the advance has remained at \$4.05. Historically \$5.10 or even \$4.65 are still good payouts. However, the fact that farmers were told to expect \$7.00 at the start of the season, (but then the payout came back so abruptly) has left many people struggling to make their budgets work, especially given that some key input costs are still not or will not come back at the same rate. Looking forward to next season, the Board have signalled that finding finance to fund the \$4.05 advance rate for this season has become very difficult. So next season be aware that the advance rate could be significantly lower than its current level. It may not improve until September/October 2010, when Fonterra will finally have most of the money for that season's milk and will then be able to pay us. This will reduce Fonterra's reliance on bridging finance.

The next big issue is the commodity prices. Over the last six months we have seen a dramatic decline in global commodity prices; so dramatic that our forecast payout has been slashed and talk of EU and US dairy subsidies being re-introduced is rapidly gaining momentum. Fonterra's new on-line auction platform, globalDairyTrade, has been targeted both at home and from overseas as one of the leading contributors to the dramatic and sudden fall in dairy commodity prices. Despite initial promises to review its performance by the Board when it was introduced, the Board has now decided not to review the auction platform. Federated Farmers has asked the Board to carry out



the review as it was scheduled. As we believe that, like any newly introduced business tool, the best business practice would be to review that tool to ensure the intention has become the practice. Given the growing international concern about the influence of globalDairyTrade on dairy commodities, a review by the Board would certainly help weaken arguments for the re-introduction of subsidies. This would have the potential to severely damage the New Zealand dairy industry. In addition, a review of the auction site would reassure farmers here in New Zealand that globalDairyTrade is continuing to work towards the Board's strategy, rather than returning to the days of basic commodity trading.

On a final note, our dairy section AGM will now be held at the beginning of the provincial conference on the 22 May and all members are encouraged to attend. To ensure the most effective use of our time on the day, I will hold a dairy section executive meeting on Wednesday 6 May at the Salvation Army Hall at 7.30pm to flesh out the important dairy issues prior to the AGM. All dairy section members are invited to attend this executive meeting to ensure everyone has adequate opportunities to voice their perspectives on these and other current dairy issues.

Caroline Gilbert - Taranaki Dairy Chair

Let's hope it lasts ...

As I write this report, we are nearing the end of the second month of 2009. I hope you all enjoyed a good festive season.

Most sheep and beef farmers are enjoying a very good season for grass growth, despite it getting a little dry for a week or two. Now the rain has come, we need to keep an eye out for fly strike and facial eczema (both these little blighters like warm moist conditions). However, so does grass!

With plenty of the green stuff about farmers are taking the opportunity to follow their lambs through to heavy weights. It certainly is great not trying to run against a falling meat schedule. Most farmers are receiving \$80-\$100 for their prime lambs. The majority of store lambs have been fetching \$60 plus while only the really small ones reach under \$60.

This looks likely to continue as the grain crops come off and more new grass gets sown down country. Looking ahead, the prospects for lamb certainly look bright, for this season anyway. But look out for the world credit crisis!

Ewes have sold very well at fairs around the country with reports of two-tooth ewes in the South Island selling for up to \$190 with a sale average of \$170. Four-tooth ewes are reported to have made over \$200. Certainly most ewes will be going to the ram in a better condition than last year, so we all look forward to better lambing percentages this spring. Let's hope the price remains.

Wool, however, is a totally different story. It has been hit by the credit crisis! With reports



out that people are struggling to get \$2 a kilo for their main fleece wool. Farmers need to consider what their shearing options are for this autumn. With this sort of return for wool, shearing the sheep will not break even.

Unfortunately, our industries do not seem to be able to combine. The inability to work together for the good of everyone is hindering our progress forward to better returns for both the meat and wool industries.

Beef prices are currently dropping off. Hopefully this is only temporary due to the cull-cow kill. With the number of beef herds disappearing because farmers are choosing to go out of cows and calves, and into straight finishing cattle, the demand for store stock is going to become greater due to a shortage of available stock.

On 24 March there is a Taranaki Federated Farmers Meat & Fibre meeting at the TET Multisports Centre, Stratford, awesome speakers are being arranged. I look forward to seeing you all there at 7.30pm.

Graham Fergus - Taranaki Meat & Fibre Chair

Don't forget to have your say

STATUS QUO OR FURTHER REGULATION?

The New Plymouth District Council (the Council) is doing a review of the rural sections of its district plan. The Resource Management Act 1991 (RMA) requires that councils review their entire district plan every 10 years.

This 'rural review' is an important issue for members in the New Plymouth district, because basically a district plan includes all the rules, conditions and standards for activities you may want to carry out on your property. This includes sub-division, the felling of certain trees (indigenous forestry and notable [special] trees), whether or not you can farm certain animals or where you can erect buildings and dwellings. Councils have the responsibility (under the RMA) to ensure sustainable land use and they often do this by deciding upon rules which affect farming. This review will seek to ensure that the New Plymouth District Plan (the Plan) is equipped to sustainably manage the rural environment.

As part of the review, the Council has identified the following 'issues':

1. Effects of development in the coastal area.
2. Protection of outstanding and regionally significant landscapes.
3. Effects of development on the Ring Plain landscapes and the setting of the Outstanding Landscapes.
4. Maintaining rural character.
5. Managing cumulative effects.
6. Conflicts between land use.
7. Managing reverse sensitivity.
8. Viability of industry in the rural area.

To address the issues identified, Council may impose greater regulations on the farming activities you conduct on your land, including building and sub dividing. Federated Farmers will be making a submission to ensure farmers can continue to operate their businesses as they need. If you would like to follow the rural review process you can contact the Council on 06 759 6060 or visit www.newplymouthnz.com/ruralreview. Members may also contact Nicola (contact details at the end of this article).

PRIVATE LAND ACCESS

This article serves to remind members of their rights when approached by explorers who want to look for oil and gas on their land.

The New Zealand Government owns all minerals including gold, silver, petroleum and associated hydrocarbons. Anyone wanting to prospect, explore or mine in New Zealand must obtain a permit from Crown Minerals under the Crown Minerals Act 1991. Relevant resource consents must also be obtained

from the Regional and/or District Councils.

However, a permit (and/or resource consents) does not actually give anyone permission to come on to your land. Access to your land must then be negotiated between yourselves and the permit holder. At this point you have every right to discuss compensation for your inconvenience and any other issues that may need to be addressed.



Federated Farmers does not recommend any compensation rates as such, but these will be addressed by the permit holder. It is up to you to negotiate if you consider them unfair or inappropriate according to the inconvenience to your farm practices and operations. It is important that explorers understand what issues you will be faced with as a consequence of them accessing your land and what the timing issues entail i.e. lambing, calving, cropping, milking, etc. There may also be other specifics, which are important to you, that need to be negotiated. Do not be afraid to raise any questions in your negotiation.

Health and safety regulations will also, no doubt, be on your mind as well. Generally the explorer will take over all responsibilities for health and safety on the site. However, it is up to you to point out any existing hazards. During the use of the land the explorer will need to be made aware of any new hazards that may arise.

A number of years back Federated Farmers developed a guide on private land access for landowners being approached by explorers. If you have any questions, are approached by permit holders or would like a copy of

the guide to land access for the oil and gas industry and landowners, please do not hesitate to contact Federated Farmers.

IT'S THAT TIME ...

It's that dreaded LTCCP time again. For those of you who are confused by the numerous acronyms of today, LTCCP is code for Long Term Council Community Plan.

I say dreaded because one, it is a time when so much work goes in and you get very little back and two, our rates will no doubt go up!

An LTCCP is a key strategic planning document for local authorities (councils) and must be produced by each and every council every three years. Each LTCCP must detail the first three years in great depth and outline the next seven years, so basically it is a 10 year plan.

The LTCCP must detail how the council will fulfil its responsibilities under the Local Government Act 2002 to promote the well-being of its community and enable democratic local decision-making. It must also detail all council activities and include council's financial strategies. As part of the financial strategy, councils must explain what they intend to spend money on over the next 10 years and how they intend to pay.

Councils consult widely with their communities when writing LTCCPs. It is important for you all to have your say, as it is a sure way to be involved in council decision making. You will then have every right to complain when council does something else (which it invariably will!). The LTCCP should, theoretically, have direction from the community as to where council is headed and what it is going to do.

It is important for everyone to be involved in the LTCCP process, as you can personally let council know what you think of their rates increases and how they affect your family and business.

Federated Farmers will be submitting on your behalf and working really hard to keep council activities affordable and achievable and ultimately ensure rates are sustainable.

Nicola Ekdahl - Federated Farmers of NZ, Policy Advisor

Members Free Phone: 0800 327 646
Email: nekdahl@fedfarm.org.nz

LTCCP CONSULTATION ROUND 2009

Council	LTCCP open for consultation	Consultation closes
Stratford District Council	14 March	24 April
Taranaki Regional Council	16 March	17 April
New Plymouth District Council	31 March	1 May
South Taranaki District Council	16 April	18 May

LUC LUC Land Use Capability Workshop
3 April 2009
TET Multisports Centre, Portia Street, Stratford

The Ministry of Agriculture and Forestry (MAF), with support from regional councils is funding a series of free workshops around the country to introduce the revised Land Use Capability (LUC) classification.

The LUC classification is a tool that's used to assess land's capability for sustained production, and the physical limitations of the land. LUC is likely to be increasingly used by councils, central government and farm advisors to determine what the sustainable land use options are for an individual land unit – so you may find gaining a better understanding of the classification and its application to be useful.

The workshop programme is as follows:

9.45–10.00am	Tea/Coffee
10.00–10.05am	Introduction
10.05–10.30am	Key elements of the local scene - a regional council perspective
10.30–12.00pm	Concept and overview of LUC, Land Resources Inventory (LRI), Mapping
12.00–12.45pm	Light lunch
12.45–1.45pm	Examples of applications
1.45–4.00pm	Field visit in Toko area to view and discuss local LUC units.

The workshop will be presented by Don Shearman (Taranaki Regional Council), Dr Grant Douglas (AgResearch) and Mr Garth Eyles (formerly of Hawke's Bay Regional Council, and an expert in the practical application of LUC).

TO ATTEND PLEASE, RSVP TO:
 Don Shearman, Email: don.shearman@trc.govt.nz | Phone: 06 765 7127
 by Friday 27 March 2009

EXECUTIVE CONTACT LIST

FEDERATED FARMERS OF NEW ZEALAND
TARANAKI

Taranaki Federated Farmers publishes regular newsletters to keep our members informed.

Provincial President:
Peter Adamski, 06 751 4217

Vice President:
Aaron Boddington, 06 756 8254

Meat & Fibre Chairman:
Graham Fergus, 06 762 7967

Dairy Chairwoman:
Caroline Gilbert, 06 762 2992

Sharemilkers' Section:
Frances Cooper, 06 765 8025

Sharemilkers' Employers:
Bill Laurence, 03 329 5453

Executive:
Aaron Boddington, 06 756 8254;
Byran Hocken, 06 756 5867;
Neville Wallace, 06 278 6005;
Graeme Hight, 06 754 4404;
Bryce Kaiser, 06 274 5856;
Jim Duff, 06 752 7100;
Derek Gibson, 06 752 7642;
Charles Bayly, 06 762 2857

Taranaki Office:
Shelley Porteous,
Phone: 06 757 3423 | Fax: 06 757 3424
Email: taranaki@fedfarm.org.nz

For comments on this newsletter or if you wish to join Federated Farmers phone: 0800 327 646.