

FUTURE THINKING

Are you interested in attending a Federated Farmers of New Zealand Leadership Course, then contact Brian Doughty, phone: 06 342 1846.

Getting Your Feet Wet is an orientation course for members wanting to learn more about the Federation, the lobbying process and leadership skills. The next course dates are:

12-13 August 2009
18-19 November 2009

Shining Under the Spotlight is a more advanced course designed to support current and future provincial and industry group farming leaders. The next course date is:

25-26 November 2009



Future Thinking FFNZ Leadership Courses

AGMARDT



ALL THE BEST NICOLA



"Nicola, we wish you all the best for your new baby and look forward to him/her becoming a farmer, horse rider and builder".

Nicola Ekdahl is our policy advisor working out of the Taranaki office, her baby is due in August.

Sector specific rates fundamentally flawed

The dairy sector in Southland received some good news last week when Environment Southland decided to defer its proposed water use charges and substantially reduced the amount of a proposed differential rate on dairy properties. Bay of Plenty farmers have also just heard that a proposed dairy rate has been deferred.



SO WHERE TO FROM HERE?

Environment Southland's proposals were not unique. In recent weeks Federated Farmers has lobbied hard against attempts from Environment Canterbury and Environment Southland to set an arbitrary price on water. While Federated Farmers supports the principle of user pays, the proposed water charges were set at an arbitrary amount and appeared to be little more than revenue collection.

As mentioned, both Environment Southland and Environment Bay of Plenty have also proposed specific rates aimed at the dairy sector as part of the 2009 long term plans. With hard work from the Federation and

some committed farmers however, the new rates have been deferred in the Bay of Plenty and substantially lowered in Southland. Farmers might feel relieved in the short term but clearly there are some disturbing trends in terms of how regional councils intend to treat the dairy sector.

Federated Farmers saw the environment rates as potentially mortal to farmers' balance sheets, and sought to demonstrate the environmental stewardship efforts of individual farmers. It was important to show both regional councils that by damaging a farmer's cashflow they would be reducing the farmer's ability to improve farming systems and continue to invest in improving water quality. Everyone's needs are met when good practice is recognised and encouraged.

The underlying tragedy continues to be an emotionally fuelled public perception that all dairy farming is bad. It is not. It is fantastic for the country. Regional councils have a part to play in fixing this perception. Environment Southland and Environment Bay of Plenty were convinced during the submission process that punishing every farmer with a generic punitive rate will not achieve effective environmental outcomes, will not change the behaviour of individual farmers and will place no onus on farmers to get things right on farm.

These councils had the whole industry collectively telling them the same thing - that the proposals put forward would not have achieved an outcome that every single New Zealander wants to see. The dairy sector is empowered and celebrated for taking responsibility for its own environmental footprint.

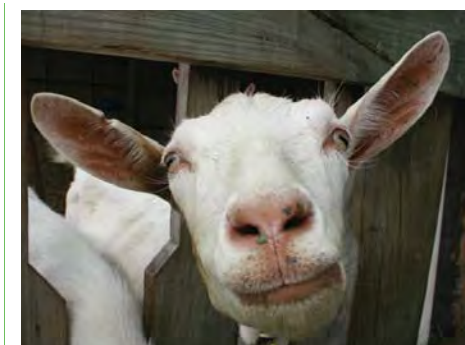
**David Cooper, Federated Farmers of NZ
Policy Advisor**

Goat Meat Levy Referendum

Contrary to earlier statements, it now seems Meat & Wool New Zealand will consider a continuation of the Goat Advisory Group (or similar) and is currently looking to draw up of a referendum paper on the potential of funding such a group through meat levies.

If this proceeds and you wish to vote in any referendum, you must be registered as a (goat meat) levy payer. You can register irrespective of the number of goats you have sent for processing.

Registration forms were sent out to all Federated Farmers Goats members last year, but if you require another, please visit the Meat & Wool New Zealand web site at



www.meatandwoolnz.co.nz (and enter the keyword "Registration") or contact Meat & Wool New Zealand on 0800 696 328.

LOCAL VOICE

PROVINCIAL NEWSLETTER

WANGANUI

Changes ahead

Remember some time ago when I suggested some public servant in Wellington had the bright idea of getting councils to make Long Term Council Community Plans (LTCCP).



After a lot of effort by Federated Farmers policy advisors Julie Ireland, Nicola Ekdahl and Tim Matthews (Wanganui Vice-President), we have finally completed our triennial round of LTCCP submissions.

By our calculations, councils throughout New Zealand have spent something in the vicinity of \$40 to \$50 million to participate in this ridiculous piece of Government legislation and you guessed it, this was all funded by us, the ratepayer.

We have, for the past 100 years, had a very successful system of councils listening to ratepayers and informing them of what they may or may not do about every three years or so. Access to councillors has, in the past, ensured ratepayers concerns were heard around the council table - something rural ratepayers may be missing today.

Then along came this new requirement, which generates massive costs and takes up huge amounts of time. Not to mention the fact that most find it difficult to plan more than three years out, let alone 10 years.

Along with the issue of continually submitting to council plans and policies, my question is, how do we become more effective when we represent your views to the various councils?

Let's face it; we all know who the councillors

are for the next three years (or maybe longer). They all know who we are for the same reasons, so for me it gets quite boring to always go over the same old issues with them. What do we need to do to make them listen? What is the answer?

By the time you get this newsletter some key staff from the lower North Island will have left Federated Farmers. Nicola Ekdahl, of New Plymouth, will be on maternity leave. Julie Ireland, our policy advisor in Palmerston North, will be leaving, as will our administration support person, Sue Wall, also of Palmerston North.

With such changes it is important to recognise the major role these three have played in the success of our provinces.

To find replacements is going to be difficult, but national office will ensure that policy and administrative support is integral to the effective running of our four provinces.

With something like ten district and regional councils to submit to it becomes essential we have continual policy and administrative support.



On things of a local nature, it is great to see some good weather every now and then, good lamb prices and reasonable beef prices. Dairy prices could be better, but let's not be too negative.

So with a positive outlook for most sections of our industry, let's go for it and make the most of what we have.

**Brian Doughty -
Wanganui President**



Review of Meat & Wool NZ Levy Referendum

Meat & Wool New Zealand (MWNZ) is the industry-good body for the sheep and goat meat, beef and wool industries. Its levy-based funding is currently set by the rates provided in the Commodity Levies (Meat) and (Wool) Orders of 2004. The money generated (\$32 million in 2007/2008) is MWNZ's main source of income.



The vote on the level of levy funding of MWNZ for the 2010 to 2015 period will take place in August 2009.

As the average sheep and beef farm paid around \$2,000 in levies in 2007/2008, the referendum will impact on all farmers cost structures.

The outcome will have a profound impact on the future of sheep and beef farming in New Zealand. We strongly encourage farmers to gather the information necessary to make an informed decision on the referendum.

In general, the proposed activity areas are comparable to MWNZ's 2008 spend, with two exceptions: the absence of spending in the Wool Technical, WIN and NAIT areas in the new levy period and a significant increase in proposed spending on wool Market Development and Innovation and Uptake.

To be more informed about your vote, please ring Bruce Wills, Federated Farmers Meat & Fibre Chair or Federated Farmers policy advisor David Burt on 0800 327 646.

Council LTCCP's

The last three months have been dominated by Council LTCCPs. Councils have been under pressure to maintain community funding expectations, even though they realise their ratepayers are facing difficult times. Their internal cost control is still under pressure, with council inflation running at double the Consumer Price Index, mostly due to infrastructure (such as water, waste, sewage or stormwater systems) that needs replacing. To reduce the affect on urban consumers, who make up the bulk of voters, many councils are trying to spread those costs on to farmers. It is very tempting for councils to target farmers, as they have large rateable values, but very small numbers when voting implications are considered.



Rangitikei District Council led the charge with substantial rate increases planned over the next three years. While the \$3.5 million new council building was the most visible new spending planned, the hidden king-hit was water, stormwater and waste water upgrading, which because of Rangitikei's UAC Caps system, will see farmers paying for more of Marton's water expenditure than the consumers themselves. The council considers that people connected to water, wastewater and stormwater shouldn't each have to pay more than \$530, \$500 and \$160 respectively. They consider any more to be "unaffordable", even though farmers, who make up 68 percent of the rateable value, have incomes that are less than half the average wage at present.

Federated Farmers also suggested that there was a need for differentials for commercial premises based on their use or benefit from council services. For example the two supermarkets in Marton are valued at about the same as a family farm and pay the same roading rate, whereas Farmlands and PGG Wrightson pay about a third of a farm's roading rates.

No decision has been made on rating for next year, although we understand that the council building has been deferred for now.

Horizons Regional Council cut its costs to get rates down to a 4.5 percent increase. What they didn't tell you was that they were cutting expenditure that benefited farmers, such as possum control, farm environmental works (outside SLUI), bush remnant and wetland expenditure. They planned to increase spending on corporate communication, information technology, One Plan and liaising with district councils. Their final deliberations have not been completed, so we don't know whether they have adopted any of our suggestions to reduce rates for farmers.

Wanganui District Council, this year, appears to have been the most responsible council we deal with, targeting a very low rates increase, a clear and understandable plan and a commitment to spend ratepayers' money wisely. We supported the move to place halls in a trust to secure their future, and offered to work with council and its staff on a review of its rating policies.

South Taranaki District Council, however, is an entirely different proposition. They have a capital value based rating system with no differentials, which means that residences, commercial and farming properties all pay the same rate in the dollar. They also charge their UAGC at about half of what they could, meaning that general rates for farmers are much higher than need be. Many farming families are paying four to seven times as much as similar families in town for services like libraries, swimming pools, parks, sports facilities and even economic development and tourism. Farmers also pay about \$2.4 million towards stormwater, footpaths and parking, which they don't have. The Mayor was indignant when we suggested council was abusing its farming ratepayers by making them pay 86 percent of all rates, when they formed less than 20 percent of the community. The council's position is that rates are not a service, they are a property tax; and farmers who happen to need sizeable property assets to conduct their business are therefore considered "able to pay".

A very successful farmer meeting was held in Waverley, which allowed about 35 farmers to make late submissions on the plan. We are awaiting the outcome of council deliberations shortly to see whether further direct action is needed to get a fair rating system for farmers in South Taranaki.

A number of councils in our area continue to milk farmers by charging rates in excess of what farms use. We intend to pressure government to reform the rating system, as



well as inform Local Government Minister, Rodney Hide (also coined the Minister for Ratepayers), of the worst excesses we have seen.

One Plan hearings start again next week with our submission on Protected Landscapes, such as the Manganui o te Ao River Valley, followed by the big water hearings in late 2009. We will miss the help of Julie Ireland who is resigning shortly and who has borne the brunt of the donkey work in trying to roll-back the One Plan, as well as our normal council submissions. She will be hard to replace.

Tim Matthews - Wanganui Vice-president

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Tough times ahead

A new season is upon us and what a contrast to just one year ago when the forecast was \$7. The 2007 year is now only a distant memory.



From a local perspective livestock prices have probably never been lower. Good cows at \$1,000, poorer sorts at \$600-\$700, R2 heifers at \$1,100-\$800, R1 heifers \$430-\$300 and poorer sorts - no bid. Land prices will be heading for GV and lower, probably much lower.

From a national perspective the industry is smarting from yet another knock-back from the Commerce Commission regarding supply to Open Country Cheese and the Great Cheese Company. From an industry view point it must be stated that subsidised milk from Fonterra to these companies is taking money away from an industry dominated by family farms. Not to mention the fact it is giving cheap milk to companies dominated by foreign shareholders. The industry is fragmenting and the cost to New Zealand will be incalculable.

From an international perspective the industry is overhung by considerable inventory. Couple this with the re-emergence of export subsidies and it is likely that production in those subsidised industries will increase and therefore, prices in New Zealand may stay low for several years to come. How low? That depends on the level of the New Zealand dollar amongst other things.

Is there any silver lining? Possibly. Although there won't be much joy for the incumbent farmers, land will become very buyable. Maybe we will see returns lift to where they used to be. Something like the 10-15 percent returns on a cash basis as the writer enjoyed for a short time in the late 60s and early 70s.

Stock prices are certainly reflecting the state of affairs and will soon be down to just above cull prices.

We are learning, yet again, the lessons of old - low debt. Farm on a cash basis, no gimmicks, start negotiating with creditors and suppliers. In other words, hand the recession on to the rest of the economy.

Tony Rogers - Wanganui Dairy Chair

Hard realities for food producers

Everyday a food producer walks out the door they are smacked in the face with reality - up to their knees and hands sort of reality. Many face the reality of balancing, managing resources, inputs and the environment just to earn a living. Many have not, however, managed to earn that living, and over the last three years have lived on overdrafts and a spiralling vortex of debt. Reality in these cases can be a bitch.

Many other sectors of the business world are being beaten up by a large dose of this ugly reality during the current steam rolling recession. The hatches are being firmly battened down and spending is grinding to an abrupt halt. No new utes, improvements on the house, holidays or any spending other than what is absolutely necessary.



Many food producers have paid their rates with borrowed money. In economist terms, they are in the crappa (Italian for toilet). It is blindingly obvious that all service providers are feeling the same financial pain and, as a result, are applying dramatic fiscal nurturing, severe tightening of the belts. Banks, power companies, phone service providers, meat processors, local and regional councils will all be feeling the pain - Yeah Right!

Food producers are at the front of the pack when it comes to looking after the environment. There are areas that need sorting and a few ignorant mongrels that shouldn't be in the industry and who make the rest of us look bad. If it's not right we are endeavouring to get it sorted and without a healthy environment to do business in food producers are pushing it up hill. At the end of the day we produce stuff that is reasonably important to most people unlike many extremely wasteful and un-green businesses. I mean what is going on with bottled water? On the scale of environmental nasties, it would be well in the red and not a great necessity in this part of the world. There is a cacophony of 'squillion dollar' industries based around dirty, wasteful, extravagant and

fairly unnecessary products. But I haven't seen them headlining the six o'clock news with groups of environmentalists rampaging through the factories. The production of synthetic material, be it for carpet or garments, is devoid of anything greenish or environmentally nice, especially compared to the likes of wool. What are we filling our ceilings and walls with when insulating our homes? The cosmetic industry must involve a huge quota of unsavoury chemicals, but where are the foot stamping and news headlines around these environmental uglies? Obviously any protester attacking food producers will have a home insulated and carpeted in wool, won't drink bottled water, will be devoid of make-up (especially the blokes) and certainly will not be wearing synthetic clothing or footwear with un-natural fibres.

For many low income families, putting healthy food on the table is a financial juggling act. Price is a large chunk of that decision and when it comes to the purchase of organic goods, free range options are often outside of the budget. New Zealand food producers have to find that balance between production systems and price. Get it wrong and retailers will buy in overseas product, as happens with pork, beef, grain, garlic, seafood and an array of other foods to provide the price the consumer demands. Even the legendary Kiwi icon Watties Pure Tomato Sauce is made overseas. We have no control or input into the production techniques of these goods and that is scary. There is no excuse for dodgy or inhumane food production in godzone, but at least we have the ability to monitor and improve what goes on in our backyard.



Farm visits and closer links to our urban dwelling mates will create a better understanding from both sides of the fence. This may help people like Mr Mike King understand what and why things happen behind the farm gate. Being on the pigs back for seven years and not giving your employer the opportunity to tell their side of the story before unleashing the media circus wasn't a good look.

Grant Delores - Wanganui Meat & Fibre Chair