

LOCAL VOICE

PROVINCIAL NEWSLETTER



MANAWATU/RANGITIKEI

AUGUST 2009

President's report

Global warming hasn't been a strong feature in this winter's temperatures with the cooler weather resulting in slow pasture growth for most of us. Nether-the-less policies around climate change and possible effects of changing weather patterns will definitely have an effect on farming. ...

Andrew Hoggard put in an outstanding effort as our Dairy section chair for the last few years. Now with a new baby girl (Michaela) in the house he has passed the role onto Robert Ervine. Andrew still has valuable input as Vice-president of our province and Board member of Federated Farmers Dairy.

Our executive held a mid-winter dinner, at Kimbolton on the 25th June, to farewell Julie Ireland. Manawatu/Rangitikei and other provinces combined to give a departing gift to Julie Ireland thanking her for all the demanding policy work she has done on our behalf.

We also presented a long service gift to Sue Wall for the outstanding work she has done working out of the Palmerston North office over many years of service. Sue is now working semi-retirement days of Tuesdays and Thursdays at our Palmerston North office from 10am.



Sue Wall

Julie Ireland

One Event

I attended the One Event National Conference in Auckland from 30 June to 2 July. Congratulations to Professor Jacqueline Rowarth who was named Federated Farmers Agricultural Personality of the Year. Jacqueline was also a guest speaker at our provincial AGM. One Event consisted of a good range of speakers and good discussions with Federated Farmers representatives and others. Donald Audrey elected vice-president and David Rose was elected to the National Board.



Membership recruitment

Lyndel Stone has been recruiting new members for the Federation in parts of our province and will hopefully be doing this on a regular basis. If she is recruiting in your area, Lyndel will endeavour to visit existing members, as this is an invaluable part of getting feedback and discussion on current issues and how things are going for you.

Electricity supply

Powerco is undertaking consultation in the Taihape area for those customers who have routine shut down periods each year for transformer maintenance at the Matoroa substation. The proposal is to reduce the shut down period by installing more equipment. However, this cost would be passed on through even higher lines charges and may place a significant cost burden on those with multiple meters. Fraser Gordon is coordinating our response and can be contacted on 06 388 0399.

Telecommunications

After the Cheltenham meeting to resolve the very poor phone service north of Feilding, the committee has been working through the planning process and will hopefully be able to deliver high-speed broadband to the five rural schools, with the capability to use this infrastructure for the wider community.

The critical aspect will be securing some of our tax paid money to assist the project. At our conference I asked the Minister of Agriculture about resolving the inequity of funding for rural broadband relative to the \$1.5 billion spend of our taxes in major urban areas. Given that the market place is already delivering high speed broadband to the cities and the taxpayer will get a better

return on their investment, spending more in rural areas - where increased productivity and economic growth are delivered through high speed broadband - will benefit all New Zealanders.

The good news is Agriculture Minister, the Hon David Carter, said he will be raising the matter with his cabinet colleague Steve Joyce. So we now await a more positive outcome with regard to funding policy for high-speed broadband in rural areas.

Rates increases

Most of you will see an increase in your rates bill this year, which is highly disappointing considering the increases do not relate to services or goods delivered to your property. This highlights the urgent need for major reform of the local government sector, which will need to come from central government. Fair legislation must be developed to cover local government funding and the reformation of out-of-control bureaucracy. So if you are in contact with your local member of parliament, please remind them of this.



We lodged a submission to your local council's long term community plan and had some small wins over even greater rates increases that were proposed for most of you. For example, in the Rangitikei, farmers no longer have to subsidise urban ratepayers as much for sewage and water services. It is beyond all belief why farmers were paying for this, when they have to pay for these services themselves on their own properties on top of their huge rates bill.

**Gordon McKellar -
Manawatu/Rangitikei
President**



The land of Meat & Fibre

The Meat & Fibre Annual Conference was held in conjunction with the One Event in Auckland on 30 June 2009.



Here are some of my thoughts and the points made by various speakers on the day:

Bruce Wills – Meat & Fibre chair

- T150 – better prices this season but nothing to do with any restructuring within the industry, purely related to supply/demand and the exchange rate.
- Wool contribution severely lacking, was expected to be about \$10 of the \$150.
- Positive news is that New Zealand farmers are getting about 28 percent of the final New Zealand supermarket price of lamb, compared to 20 percent in 2008.
- NAIT – apparently the second business study has been completed, but is yet to be released.

Stu Chapman – Managing Director of Elders Rural Holdings Limited

- Wool Marketing Enterprises is a 50:50 partnership between Elders and Primary Wools, a corporate/cooperative hybrid (similar to WPI with PGGWrightson and Wool Grower Holdings).
- The “Just Shorn” brand was released at Field Days and will initially be used in the United States, with the first carpet due for sale in January 2010.
- Competition for Elders Primary Wools is not Wool Partners but synthetics.
- Elders Primary is to have meetings with farmers’ suppliers in the next four to six weeks.

Dave Lowe – Commercial Operations

Manager, Elders Rural Holdings Limited

- The United States is the number one carpet market in the world, with half the worldwide carpet consumption, of which only two percent is woollen carpet.
- Around 45 percent of New Zealand strong wool ends up in North America.
- Consumers in the US tend to be loyal to a retailer rather than a brand.
- “Green” and “sustainable” brands are important and worth a premium.
- Primary branding strategy with retailers within store support is paramount.
- CCA are the largest retail group in North America and have the best in class training, product development and retail incentives.

Mike Petersen – Chairman Meat and Wool New Zealand (MWNZ)

- Value of lamb quota into the United Kingdom worth about \$10/head.
- Currently receiving \$32 million in levies plus \$7 to \$10 million interest and capital from New Zealand Meat Board to deliver the \$39 to \$42 million spend.
- Stuart Weston – CEO AFFCO
- Differentiate or die!
- AFFCO and Alliance have secured a deal to supply Sainsbury’s on a three-year contract.
- Cost of production in New Zealand may lead to boning out of lamb being done in countries with a cheaper labour cost.
- What New Zealand meat industry needs to be doing:
 - Branding
 - Market development
 - Value added product
 - Research and development/capital spend
 - 52 weeks marketing
 - Niche marketing
 - Economies of scale
 - Generic promotions
- Key sensitive areas: market access - rationalise the number of sellers.



Remits

There was one remit passed:

“That Federated Farmers of New Zealand supports the Animal Health Board.”

There were no changes to the Meat & Fibre National Council -

Chair	Bruce Wills
Vice-chair	Jeanette Maxwell
Executive	Dugald McLean Hamish Cave Tony Gray

General

The Meat & Fibre Council had a problem with One Event, as our annual conference was reduced to just one day. This meant that we were unable to get through all the business, in detail, plus hold elections and host some speakers.

A survey conducted by Dave Burt (Meat & Fibre Policy Advisor) on the MWNZ levy proposal came up with some interesting results:

- 60 percent were not in favour of the proposed levies.
- 55 percent wanted to spend money on wool market development.
- 65 percent wanted MWNZ to be funded by levies, interest from Reserve Funds and some Reserve Fund Capital.

A submission was made to MWNZ on the basis of this survey, with the comments from Meat & Fibre provincial chairs and the Meat & Fibre Executive.

The revised MWNZ levy proposal will be sent to all levy payers to vote on in the very near future. Read it and vote - you can't complain about the outcome if you don't vote!!

I understand that an incomplete voting paper will be declared a ‘NO’ vote. Voting will be for the sheep levy, wool levy, beef levy and, if you farm goats, a goat levy.

In the province

As predicted by some, winter has been cold and wet and started in early May. Consequently pasture covers are lower than we would expect. Sheep scanning and pregnancy testing of cows has gone well in general and many people are a good five percent better than 2007.

The lamb market continues to be very buoyant, but I have heard that there is some price resistance in the market. A friend was in Paris recently at a restaurant and the main course options were:

▪ Beef	16 Euros
▪ Venison	16 Euros
▪ Lamb	24 Euros.

Our T150 goal has been achieved by some lambs at sales but remember, the target was mid-season, so there is a wee way to go yet. As farmers, we need to persevere with trying to get some restructuring done within the meat industry. Silver Fern Farms, Primary Wools and Wool Grower Holdings are all looking to raise capital from current shareholders, or new, as is the case with WGH. We have had one good season after three to four poor seasons and I'm not sure how much capital there is out there. Maybe some DISCO or Wool Equities money!!

I haven't mentioned NAIT, ETS or the AHB, as their reviews will be out in the near future.

In closing, if any of you reading this article wish to become more involved in Meat & Fibre, please feel free to contact me.

**Tony Gray -
Manawatu/Rangitikei,
Meat & Fibre Chair**



Winter budgeting for dairy farmers

Even as I pen this calves are hitting the ground. Given the cold weather and poor grass growth that we have experienced this winter, I encourage all dairy farmers to have an up-to-date feed budget and rotation planner in place. Reports from across the region and the country show that grass cover levels are lower than usual for this time of year, so remember, knowledge is power and plans can be put in place to avoid running out of feed.



At the One Event National Conference in Auckland, environment and nutrient application systems were of concern for all regions. To this end, I believe the dialogue started with Horizons through the Dairy

Forum started by past dairy chairman, Andrew Hoggard, is showing considerable promise. At the third Dairy Forum meeting on 3 July, Horizons' staff confirmed the suggestions put forward by the group would be implemented. These include timely notification of inspection to enable the principle stakeholder to be present at the inspection and the implementation of a WOF type format. This will allow continuity between visits and a process where improvements can be signalled if needed. I believe this approach by Horizons will lead to improved outcomes for all parties. If you didn't get inspected last year then you are on the list for this year.

Fonterra is in the news again following its announcement that the capital structure reform debate is back on the radar. A new and improved plan and smaller steps are promised. We all wait on the latest snippets that Henry and the board will release.

We are all waiting for the sun to start shining again on a regular basis and hope that Ken Ring is wrong with his predictions of a continued cold spring.

**Robert Ervine -
Manawatu/Rangitikei,
Dairy Chair**



Grains outlook

Brief notes on what's been happening with grains.

- Malting Barley: Tonnage wanted by Malt Coy to be halved from 24,000 tonne to 12,000 tonne.
- Malt barley price not announced hoped to be around \$400/tonne.
- Pasture cover generally on dairy farms is low and a lot of grass and maize silage has changed hands in the last few weeks.
- Perhaps the dairy industry might soak up some of the surplus feed barley that is in storage at the moment.
- Some milling wheat contracts put out in South Island in the \$440 to 450/tonne range have limited quantities.
- Chicago grain futures markets after bottoming in November 2008 staged a substantial recovery in January to June 2009, but since then, corn has given up all the gains made on the back of greater corn acres planted in the US and good weather at the moment.
- Soybeans have lost some ground, but because of drought in Argentina and continued buying pressure from China have maintained better price levels. There are historically low stocks of old season soybeans in the US now.



- Wheat production globally is set to decrease this year, but due to falling global demand traders don't seem too worried.
- Weather forecasters in the US have now said we are officially in El Nino, which is predicted to peak in November. Indonesian Agriculture authorities are warning their farmers already. El Nino could affect Argentina and this could cause the country to go into a second year of drought. As the strength of El Nino conditions start to manifest, perhaps this will have a positive effect on grain markets.

**David Lee-Jones -
Manawatu/Rangitikei,
Grain & Seed Chair**



FARM AND ENVIRONMENT AWARD 2009 HORIZONS REGION SUPREME WINNER FIELD DAY

Tuesday, 1 September 2009
Commencing at 9.30am

Andy & Claire Law's Farm

"Glenelg", 1070 Otuarei Road, Taihape
25km from Taihape (follow "River Valley" signs)

A hill country sheep, goat and beef farm, featuring farm forestry, cross slot drilling and QEII covenant

Morning tea and lunch provided

For farm tour please bring 4WD ATVs
Water proof and warm clothing necessary

For further information contact
Margaret Matthews, Regional Co-ordinator
Phone: 06 342 7783 or
Email: horizons@bfea.org.nz



The Manawatu/Rangitikei region is the largest Young Farmers region in New Zealand at the moment. There are over 1,000 members in New Zealand.

The National Bank Young Farmer of the year competition was held in Palmerston North from the 8-11 June. Tim O'Sullivan, of Aorangi, won the competition with Richard Copland, of Southland, second and Chris Will, of Rongotea, third. There was a lot of great local support for Chris who is from the Marton Young Farmers Club.

The contest started off with a street event in Palmerston North's Square on Wednesday. Following this the technical section was held on Thursday at the Awapuni Racecourse, which consisted of the panel interview, research presentation, human resources challenge, five hour technical exam and speeches. The practical day was held on the Friday at the railway land. The grand final show was then held on the Saturday, followed by the grand final ball at the refurbished Awapuni Racecourse.

Over the week, the New Zealand Young Farmers held their national conference and AGM. Richard Fowler, of Te Puke, was elected as the new President of New Zealand Young Farmers. He took this role over from Ben Allomes.

If anyone is new to the area or would like to get involved in Young Farmers, please contact Paul Olsen, regional chairman, on 06 362 7648.

Horizons' bureaucratic monster

Andrew Hoggard and I meet with Gary Murfitt at Horizons to talk about some of our concerns, particularly around consent issues and the One Plan.

We are continuing with One Plan hearings, which are taking up a huge amount of our time and resources. We are challenging Horizons' bureaucratic monster, which has got way out of control by dreaming up ridiculous ideological rules that seriously threaten the economic viability of farming and, in some cases, give no environmental benefit at all.

As a result of Horizons' failure to give serious consideration to the economic effects and the views of the most significant stakeholders such as Federated Farmers, the whole process has seriously blown the budget. Our estimate is that this expensive drawn out process is likely to cost us ratepayers in the vicinity of \$10 to \$11 million just to develop this bureaucracy. Of course, this cost could be far outweighed by the economic costs the proposed rules could have on our businesses and the economy.

We will be feeling the effects of Horizons' budget-blowout due to a cut back in the funding of things that farmers actually get some value out of such as weed and pest control.

The good news is that unlike much of Horizons' One Plan staff, the hearing panel



has been listening and taking on some of our and other submitters serious concerns over the proposed plan. They have released a provisional determination on the land chapter, with many standard farming and forestry activities no longer requiring a consent as proposed, but permitted activity with rules attached. This has to be regarded as a significant win for our members, but much of what was proposed was so ridiculous, it shouldn't have even been there. Although some fishhooks still remain and Federated Farmers will be analysing this in further detail to consider if this part needs to be taken to the next level - the Environment Court.

One Plan- Water

This is the really big part of the One Plan and includes the proposed "consent to farm" for farms regarded as intensive by Horizons,

with hearings starting in November this year. After putting great effort into the One Plan and other policy, Julie Ireland is no longer working as our policy advisor in Palmerston North, but we will be interviewing for a replacement person very soon. I would like to hold some meetings in the province in October to update you on the One Plan so far and the significant challenges ahead. This will be a chance to gauge your further feedback on how the proposed rules will affect your business. We will need as many farmers as possible to show their support when we present Federated Farmers' submission and attend the hearing day.

We have met with Fonterra, DairyNZ and FAR representatives to consider the proposed code of practices that we might be able to push as a substitute for the One Plan "Consent to Farm".

**Gordon McKellar - Manawatu/Rangitikei
President**

Farmday 2010


Following the success of this year's inaugural Federated Farmers Farm Day, we will again be holding Farm Day, "where town meets country". We will be holding it at the Waters 'Ngawai farm', just up the hill from Palmerston North at Tiritea, on Sunday, 28 March. Thanks to Brian, Diane and Stu and Margaret Waters for agreeing to host Farm Day next year. As well as the 'green farmer', the theme will be "Where the wind blows and the sheep and cattle grow".



Next year's Farm Day will be bigger and better, with help to fund the event obtained from the Sustainable Farming Fund, which will be great to help out with the likes of

promotion. We will need more members to volunteer to help out, so please let one of us know if you are keen to help. Remember, this is a really important event and is about being proactive in showing our friendly urban dwellers what farming is really about, giving them a greater understanding of agriculture and its importance to New Zealand.

**Gordon McKellar - Manawatu/Rangitikei
President**



FEDERATED FARMERS
OF NEW ZEALAND



FARMDAY
Discover the Country

Federated Farmers Farmday 2010

is set down for
SUNDAY, 28 MARCH

Please mark this date in
your diaries as we would
appreciate members support.

MP'S LUNCHEON MEETING

12-1pm, Tuesday 1 September 2009

ATTENDING

Hon Simon Power

Member for Rangitikei
National Party

Iain Less-Galloway MP

Member for Palmerston North
Labour Party

RSVP by 27th August 2009 to S Wall on:

Phone 06 357 4026 or

Email: swall@fedfarm.org.nz

PROVINCIAL CONTACT LIST



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