

# LOCAL VOICE

PROVINCIAL NEWSLETTER



OTAGO

AUGUST 2009

## New president for Otago

It has certainly been a steep learning curve since my election as Otago president at the provincial annual general meeting in May.

For those of you who don't know me, my name is Mike Lord. I have been married to Philippa for over 20 years and am the father of four school aged children. We farm a 160ha dairy support farm on the Taieri Plains at Berwick. I can be contacted any time on 03 486 2730 or 027 438 2097.

In June, I attended the Federated Farmers/AGMARDT Leadership Course 'Shining under the Spotlight' in Wellington. The aim of the course was to develop better leadership skills. I found it very challenging and believe the Otago province will benefit from my new found skills.

I, along with five representatives from Otago, attended the Federated Farmers National Conference ('One Event') in Auckland from 30 June to 2 July. This was the first Federation conference I have attended and it was a great experience with some very thought provoking speakers. What really impressed me though, was the quality of the staff that Federated Farmers employs. They are keen people who are passionate about our industry and its future.

I am glad to welcome David Cooper, new policy advisor in Dunedin, to the team. David splits his time between Otago and Southland. David (aka Mini Matt) is already proving

his worth in both provinces. He can be contacted at [dcooper@fedfarm.org.nz](mailto:dcooper@fedfarm.org.nz) or on 0800 327 646.



In late July, I attended a Dunedin City Council initiated forum on the future of the city and I was disappointed that there was no discussion around the importance of agriculture to Dunedin's economy. Our civic leaders need to understand that farms within the Dunedin city boundary are important to the city's economy and Dunedin serves as a hub for agricultural products into and out of both Otago and Southland.

As a small example of how important farming is to one related sector, around 12 percent of Port Otago's import tonnage is fertiliser used in the agricultural sector and around 55 percent of the export tonnage heading through the port is milk powder or meat. For me, this underlines a problem for farming that stems

back to David Lange's 1988 comments that farming was a sunset industry. Farming has remained the powerhouse of our economy since then and will continue to do so. This just isn't acknowledged as widely as it should be, especially at the local government level. Many issues farmers have with their councils begin with an underestimation of how important farming is to our economy and how much increasing rates and unnecessary or poorly constructed regulations affect farmers.

That's why Federated Farmers is important to you. Your executive continues to battle the authorities on your behalf over rates and other issues. We are also working on an agenda to hold meetings around the province to address membership. We need active members to come forward and be counted. We are in an environment where there are many that wish to undermine and apply unnecessary compliance costs on our industry.

Farmers of Otago - you NEED Federated Farmers and Federated Farmers NEEDS you. Strong representation costs and a \$500 per year subscription is very good value for money.

I hope the spring goes well for your all. We could do with it after a long, cold winter

**Mike Lord - Otago President**



## Otago Regional Council water plan

North Otago immediate past president, Robert Borst and Federated Farmers South Island Team Leader for Local Policy, Matt Harcombe, fronted up to a council hearing panel in July to present evidence on the proposed changes to water management in the region. The evidence was based on the Federation's established water allocation principles.



In general, the proposed plan change was not in conflict with these principles, but there were some concerns. Some were simply based around wording of the proposed plan change, including a request for the deletion of the reference to inappropriate practices and a request that any promotion of shared use and management of water should be initiated by users and be voluntary in nature. We also opposed a default 100m setback for an assumption of connectivity between surface water and ground water, arguing that this should only apply in the absence of proof by an applicant or an existing consent holder.

However, our main concerns with the plan change are around the impact of considering historical use when replacing resource

consents. We were questioned on this by the hearing panel and explained that the plan needs to be more explicit in what it means by historical use i.e. considering seasonal variations, flexibility in land use. This doesn't mean that we want the plan to be more prescriptive far from it, but we requested that the plan be made clearer on what it wants to achieve, while still being flexible to enable water users to work out how they are going to achieve the desired outcome.

We have also presented to the hearings panel on proposed minimum flows questioning whether or not the minimum flows are backed with sufficient data to give consent holders investment certainty.

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

# Introducing Stephen Korteweg

Hello fellow Federated Farmers members. At the time of writing I have just finished watching Otago go down to Wellington in yet another Ranfurly Shield challenge (dam). Maybe next time - we hope.



Anyway, for those who don't know my name is Stephen Korteweg, your current Otago Federated Farmers Vice-president. I have been a dairy farmer and Federated Farmers member for the past 30 plus years, having held branch and dairy section positions in this time. I am committed to Federated Farmers, as I feel that it is one of the few farming organisations that get recognition from the Government. There are just so many issues that the Federation deals with on your behalf to benefit all farmers. Check out Federated Farmers web site at [www.fedfarm.org.nz](http://www.fedfarm.org.nz) for more information.

I know, as farmers, we are all busy on the farm, but the issues going on outside the farm gate, including mainly environmental issues, need to be dealt with. Federated Farmers' contribution in dealing with these issues is so important to the farming industry as a whole going forward that the likes of

Matt Harcombe (Federated Farmers policy advisor) who works tirelessly on our behalf is, I believe, not fully appreciated.

We need to strengthen Federated Farmers, so I urge all members to become more involved even if it is to encourage a non-member to join the Federation. Let them know they are already benefiting from the Federation's good work and they need to become a member.

I also represent Federated Farmers Dairy section on the Animal Health Board TBFree committee and am currently chairman. It has been pleasing to have Federated Farmers full support for the TBFree programme. Recently a remit was passed stating its support and pushing for Tb eradication nationally.

Here in Otago, we are down to about 20 infected herds and eradication is still some way off. To beat Tb, we need continued stakeholder support and farmer compliance, combined with a good team of personnel and a well run vector control and disease management programme (as we have at this point in time).

May the good work continue with your continued support.

Anyway, that's enough from me, let's hope we have a good spring and "hey - let's be careful out there!"

**Stephen Korteweg - Otago Vice-president**



## Rural school safety days

Rural children often live in an environment that is also a workplace with many potential dangers and hazards.

With funding assistance from ACC, Rural Women New Zealand has developed a Rural Schools Safety Days programme, which is run with relevant presenters at rural schools around the country.



The popular programme includes modules on ATVs, rural fire, civil defence, dog control, firearms, poisons, road safety, water safety.

Four Rural School Safety Days are to be held in Otago:

- **20 October**, at Clinton School, hosted by RWNZ Clinton branch;
- **23 October**, at Catlins Area School, Owaka, hosted by RWNZ Tahatiki branch;
- **27 October**, at Maheno School, hosted by Kauru Hill and Maheno branch;
- **30 October**, at Strath Taieri School, Middlemarch, hosted by Middlemarch branch.

For more information contact Noeline Holt at RWNZ's national office. Email: [noeline.holt@ruralwomen.org.nz](mailto:noeline.holt@ruralwomen.org.nz)



## INVESTING IN RURAL COMMUNITIES

The Rural Communities Trust recognises that living in a rural community can also mean facing barriers to education, health and other services.

Each year the Rural Communities Trust approves grants to individuals, families and community groups with a diverse range of needs who live in rural areas.

### WE WANT TO HELP YOU!

Find out more about our funding criteria, grant applications or how to support our work by visiting

[www.ruralcommunitiestrust.org.nz](http://www.ruralcommunitiestrust.org.nz)  
or phone 0800 327 646

Next funding round closes  
**31 October 2009**

## Keeping costs down

As the first of the calves start to arrive, the focus returns to turning grass into milk and milk into money. The real challenge this year, with a lower forecast payout and stubbornly high dollar, will be controlling costs. With continued volatility in the international market, no one knows how this season's returns will end up.



United States and European Union subsidies are making it hard for us and give the subsidised producer the wrong signals with an artificially inflated price. This keeps the international price at a lower level for longer, meaning our incomes will stay lower for longer.

We in New Zealand have an advantage over our competitors and that is our low cost grass feed systems and I am confident, with careful management and a bit of luck, we will get through this downturn and emerge stronger in the end.

Fonterra will soon be focusing on its restructuring proposal with possible (in my opinion) tradable shares between farmers, which would reduce the company's redemption risk and level of retained earnings (to reduce the debt to equity ratio). This should also provide money for growth. Whatever the changes, we all need to have an input in the process because of the importance of the co-op to all our futures!

Rest assured, Federated Farmers will continue to work on your behalf to get the best outcome for you.

**David Wilson - Otago Dairy Chair**



## DCC stadium funding

Federated Farmers doesn't have a position on whether the new stadium in Dunedin should proceed. Like the rest of Otago, the region's farmers presented some fairly passionate sentiment on both sides of the debate.



One clear message we have received though, is that many members want the Dunedin City Council to take a more equitable approach to striking the rate for the new stadium. The system for deciding what rate you will pay relies on capital value as a basis for rating, which disadvantages farmers because of the land intensive nature of our industry. The value of your land does not reflect how much you'll be using the stadium or whether you support it, but the value of your land is exactly what dictates how much you'll pay.

The rates you pay towards the stadium aren't tied to your use of the stadium; they're tied to the value of your farm. So you'll still be expected to pay the stadium rate after you have a bad couple of years on the

farm, whether you've got the money or not or whether you've just seen the latest world cup game between the two minnow sides. That is the fundamental problem with rates compared to income tax and increasing rates can have a serious effect on your farm profitability.

We're not talking small change here. In most cases the average farmer (not that such a thing exists) will be paying up to a few thousand dollars each year over and above what the average residential ratepayer will pay to the stadium. You may be reading this and thinking that is perfectly fine and many farmers have indicated they don't mind paying a bit more than the average urban ratepayer to fund the stadium. However, even these farmers have said they're unhappy with exactly how much extra they're paying. Supporting the stadium should be a decision you are able to make on your own, not a decision that is forced on you because you're a farmer. We are not arguing that there should be no difference at all; it is the extent of the difference that is the issue.

Last year, the Federation submitted to the Otago Regional Council, which recognised the effect a 100 percent capital value based rating would have and changed its funding system to a 50 percent differentiated capital value rate. It also implemented a 50 percent targeted rate, based on the location of the

rated property, saving farmers in the Waitaki between \$200 and \$400 per farm per annum for 10 years.

We made our points about stadium funding at the recent Dunedin City Council Long Term Plan as well and mounted a fairly strong campaign for the City to introduce a targeted rate. A number of councillors including rural ward councillors appeared to take what we were saying on board. They recognised that the disparity between what farmers were paying compared to the average residential ratepayer was unfair. But there's been no change as a result, which is disappointing to say the least. Member feedback has indicated this is a big issue for many of you and we're going to keep at council until we get a fair result. As this goes to press Matt Harcombe, Mike Lord and myself will be meeting with the rates review working party to see if we can find a more equitable way of funding the city's infrastructure. If you are annoyed about this make sure you keep the pressure up on councillors and, if you can, with your MP and in the media. We will not drop the ball on this until we have a solution that is fair to farmers.

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



## Farm effluent

When it comes to Farm Dairy Effluent (FDE), dairy farmers have told us that they want certainty that their system is compliant and that when they invest more money in making it compliant, that it will be compliant for the next 15 to 20 years. So what is Federated Farmers doing about it?

In Otago we're involved with the DairyNZ lead Dairy Action Team (DAT), a team of dairy industry leaders, including local farmers, Federated Farmers, Otago Regional Council, AgResearch and DairyNZ. DAT is aimed at providing solutions to the effluent issues highlighted by members. The group recently held its first meeting. The key issues discussed at the meeting included:

- Getting better clarity around ponding.
- When and if enforcement action will be taken when application of effluent occurs where it MAY have entered fresh water.
- What if any changes are required to the regional rules to provide greater clarity and certainty?
- Concerns include protocols for compliance visits, communication with owners/staff/sharemilkers as well as compliance officer skill level and the feedback given to farmers following a visit.
- Ensuring that every one is treated with an even hand, including local authorities' treatment and discharge of sewerage.



Unfortunately, the recent prosecutions reported in the ODT haven't helped clarify matters. The way the reports were written completely slanted the reader into thinking that the farmers had been prosecuted for simply discharging dairy effluent to land. That is not true, the discharge of FDE to land is still a permitted activity. We have followed that up with Council to try and get it to clarify the issue publicly and we will also be meeting with the ODT to discuss how these issues are reported.

At the national level, the Federation sought an amendment to the Resource Management Act in the current bill before parliament suggesting an interim enforcement option for councils, where they have an option to effectively work through a process with the farmer through the Environment Court, that does not then lead to a criminal prosecution.

There is no certainty over how this will progress, but it would take the stress out of some of the recent cases where farmers have made genuine mistakes while under production/weather/staff/financial/equipment pressure.

We are keen to get your feedback on these issues, including whether you'd prefer that a resource consent should be required for application of FDE to land. While some argue that requiring a consent will provide greater certainty to the farmer, it will not provide absolute certainty. In fact the certainty provided by a consent and a permitted activity as it is currently are no different, the only thing that changes are the costs to you and the level of prescription on the consent. Consent holders are certainly not immune from prosecution.

We have always argued strongly that these activities should be permitted in the plan (subject to certain standards) which effectively provides the certainty and retains the flexibility to adapt to your own on farm situation. If you have any thoughts on the issue please contact Matt Harcombe at [mharcombe@fedfarm.org.nz](mailto:mharcombe@fedfarm.org.nz) or 03 4777 356.

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

# Long Term Council Community Plan (LTCCP)

This year, councils released their LTCCPs for comment. These define the major expenditure for councils over the following 10 years. Federated Farmers submitted, on your behalf, to all six councils in Otago. Here is a brief breakdown of what we submitted and how your councils have responded:

## Otago Regional Council - We submitted:

- Postpone some proposed upgrades of flood pumps on schemes, reclassify land use to reflect the benefit of the scheme to other (non-farming) properties and consult with communities.
- Reconsider the proposed new Otago Regional Council building.
- Supporting council's contribution to TB Free New Zealand and the Otago Ballance Farm Environment Awards.

## Council response:

- That the current level of funding for the Ballance Farm Awards and TBFree NZ will continue.
- Council is undertaking a review of the classifications of the Taieri scheme to consider who will benefit from planned future works, consulting with communities in the process.
- Defer construction of the Henley Pump.
- To investigate alternative options for the proposed new waterfront building.

## Dunedin City Council - We submitted:

- That proposed rates increases were far too high, Council's expenditure should be seriously reduced.
- Reduce the extent to which land or capital value dictating the amount of rates a property pays.
- Farmland differential should be reduced.
- User pays be more widely used, e.g. in Environmental Health licensing fees.
- Economic Development Unit and Tourism promotion funding should come from those who will benefit from the activities.
- The new Stadium should be funded from a targeted rate with different categories, reflecting benefit.

## Council response:

- No changes to be made as a result of the submission, although a tourism/events targeted rate will be investigated.

## Central Otago District Council - We submitted:

- Proposed rates increases are far too high.
- Make greater use of targeted rates and change from land value to capital value for the general rate.
- Heed the independent auditor on increasing transparency, clarity for ratepayer.
- Address funding public toilets on a differentiated targeted rate from those who benefit.
- Support differentials for funding of tourism promotion, but asking for wider use.

- Implement a fair method of funding economic development expenditure.
- Apply a remissions policy to rural properties in the ward on a case by case basis.

## Council response:

- Revisiting the differential relating to the tourism rate, but are otherwise satisfied with the current balance of uniform charges and targeted rates.
- Will continue to use land value as a basis for rating, as opposed to capital value.
- Will review their approach to funding public toilet expenditure.
- Happy to receive applications for rates remissions.



## Clutha District Council submission:

- Support for changes to their financing and revenue policy.
- Review funding of community services. Support council's current approach, but targeted rates will provide more transparency to ratepayers.
- Funding for the main street and Clutha recreation centre should be funded from targeted rates, which are differentiated by a tiered system of likely benefit.
- Support council developing submissions on legislation affecting rural ratepayers.
- Encourage council to move away from land value rates and adopt capital value.
- Should review district roads funding.

## Council response:

- No changes were made as a result of the submission.

## Queenstown Lakes District Council submission:

- Support adoption of targeted rates and differentials tourism, district promotion activities.
- Support general rate and roading rate differentials for primary industry.
- Introduce a targeted rate to fund "civic function" activities taking the land or capital value basis away from allocating rates for this expenditure.
- Remove general rate funding for recreation spend, introduce a targeted rate across all ratepayers based on distance.

- Public toilets should be funded using part differentiated capital value on (tourism) groups that benefit, with the remainder funded by the UAGC or a flat targeted rate.
- Remove general rate funding from the district plan and introduce targeted rates.
- Support approach to funding of tourism related activities undertaken by council.
- Opposed the introduction of a differential category on undeveloped land.
- Support using landfill levies to fund recycling expenditure.
- Strongly recommend a review of proposed level of debt.

## Council response:

- Council has deferred or revised a number of areas of capital expenditure to reduce debt and retains strong rural differentials on roading and general rate and adopted further targeted rates.

If you would like more detailed information on what was in the LTCCP and what we submitted, please contact David Cooper at [dcooper@fedfarm.org.nz](mailto:dcooper@fedfarm.org.nz)

## PROVINCIAL CONTACT LIST

### PRESIDENT

Mike Lord 03 486 2730

### VICE-PRESIDENT

Stephen Korteweg 03 413 9556

### MEAT & FIBRE CHAIR

Rob Lawson 03 439 5292

### MEAT & FIBRE VICE-CHAIR

David Vollweiler 03 417 7160

### DAIRY CHAIR

David Wilson 03 486 2727

### DAIRY VICE-CHAIR

Paul Crawford 03 418 3075

### GRAIN & SEED CHAIR

James Herlihy 03 444 7767

### OTAGO HIGH COUNTRY

Andrew Patterson 03 447 3573



## Federated Farmers FARMDAY 2010

is set down for  
**SUNDAY, 28 MARCH**

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