

LOCAL VOICE

PROVINCIAL NEWSLETTER



WAIRARAPA

NOVEMBER 2009

Meat & Fibre council meeting round-up

I've just returned from Methven where I attended the Meat & Fibre Council meeting. It was a valuable two days.

Tim Grosser spoke on trade, free trade agreements, future growth prospects, supply chains and climate change. He said that New Zealand needs as many free trade agreements as possible. We have five (Australia, China, United Arab Emirates, South East Asia, plus one other) and he is working on the USA and India.



World food demand is predicted to be up 50 percent by 2020 and 100 percent by 2050. New Zealand is expected to be part of the food basket for Asia. Regulation is being set by supermarkets for the customer. Global

retailers are the biggest negotiator for the customer.

On climate change, the Minister said that the stance we are taking globally is that New Zealand has to be seen to be doing its bit. I asked him to renegotiate our Kyoto commitment, to establish livestock/ pastoral systems as correctly NEUTRAL carbon-wise. He acknowledged my point, but made no promises.

Keith Woodford, from Lincoln University, spoke on co-operatives and the lack of competition. He said cooperatives only succeed if there is a common vision as well as strong governance. Their biggest challenge is to raise sufficient capital to conduct their business.

Ian Abercrombie, the CEO of Wool Partners International, said that he wanted to unify the product to 60-80 percent of New Zealand's clip and is working with others to develop seller strength. We now need to recreate market demand. Synthetics are now 30 percent dearer than wool, but we are dealing with a non-wool educated consumer.



5 Star BEEF - we were lucky enough to visit this intensive ANZCO beef feed lot, which is 60 percent Japanese owned. They are fattening up to 20,000 cattle at any one time. The finished cost is about \$2000/head (my estimate as they wouldn't disclose actuals). They have a guaranteed market for very high grade beef. There were some good lessons to be learnt - they have electronic ID for meat going to selected markets, which begs the question of why we need NAIT.

**Alan Stuart - Wairarapa
Meat & Fibre Chairperson**



Dairy report

October was a month of challenges with more snow, cold southerlies and hail. Fortunately, calving was all but over. Hopefully the weather will start to improve. A number of us have had to go back to supplement feeding. Soil temperatures are now in the 12-16 degree range (but water logged in many soil types) and now silage making and cropping have taken off with a vengeance.

As of 9 November, Fonterra advanced a further \$1.10 per kg MS to a total of \$6.05 for the 09/10 season. This is great news, especially on top of the increase from \$4.55 to \$5.10 September/October.

The Worldwide Dairy Product Auction system, instigated by Fonterra, is showing very worthwhile and rapid market responses. The latest gave a 13 percent increase in the milk powder price over the month before. However, the new payout announcement, once again, was quickly followed by an increase in the New Zealand dollar, be it small and of short term.

The timing of the latest increase was 'impeccable'. The next round of farmer/director co-op meetings with Fonterra are aiming to discuss and clarify the capital structure details and queries. Clearly the directors and others are 'gunning' for a 75 percent pass with this all important adjustment to the Co-op's operating mandate and future plans.



Dairy farmers will now be looking at the usual raft of expenditure options for the coming

season; more fertiliser and supplements (PKE), providing the importers don't get too greedy and up their prices to 'reclaim' some profit lost over the downturn. If possible, some of us will be 'hedging' the inevitable increase in barley by planting our own crop.

There is no doubt that this gain for the dairy industry will be passed on. Banks will get some benefits as we reduce debt to comfortable/ acceptable levels, as required by our financiers in this new environment. Fluctuations and variability of, you name it, is changing and fast. To keep up we must change with it. Our systems, be they electronic, communications, feed options, mortgages, interest rates, hedging - the list goes on. Our survival depends on adaptation.

**Graeme Stuart -
Wairarapa Dairy Chairperson**



Regional plan review to begin early 2010

The Greater Wellington Regional Council (GWRC) is getting set to undertake a full review of the freshwater, discharges, soils, coastal and air quality regional plans.



However, Council has chosen to develop one integrated plan, instead of the five, to better recognise the inter-relationships between different activities. Regional plans contain

policies and provisions that govern natural resources and combine both regulatory and non-regulatory methods.

Council is also encouraging landowners to develop their own sustainability plans for natural resources under their control. These plans will be integrated into a wider catchment plan.

Federated Farmers will be working with Council along with iwi, industry groups, landowners and other key stakeholders over the next few months to ensure that policies and provisions take into account the realities of pastoral farming.



**Brigid Buckley -
Federated Farmers of NZ,
Policy Advisor**

Greater Wellington Regional Council - on the planning move

At our October provincial meeting, Fran Wilde and Ian Buchanan, both Greater Wellington regional councillors, outlined Council's proposal for managing natural resources. They said that once the regional policy statement was completed, staff will be moving onto the regional plans and aim to consolidate the current five into one.

Ian outlined a couple of ways for achieving this. He gave the example of Taupo where farmers now require resource consent to farm. This is not GWRC's preferred option. Another suggestion was individual property plans (for business and rural areas), which would need to comply with regulations and could balance economic returns and environmental impact. Once in place, compliance would be up to the individual, but with an audit system and



penalties if the plan was not adhered to. Individual catchment communities could develop their own plans and own standards.

The Council will engage communities in discussions. An initial draft of how this might look was passed around at our meeting. Council hopes that the plan is drafted in 2011.

\$3.6 million for possum and predator control

The Greater Wellington Regional Council (GWRC) have earmarked \$3.6 million of new money to spend on predator and possum control in the Wairarapa over the next 10 years.



The funding which has been allocated in the Greater Wellington Long Term Council Community Plan provides Council with an opportunity to pick up where the Animal Health Board (AHB) will be finishing as it gets Bovine Tb under control in the Wairarapa.

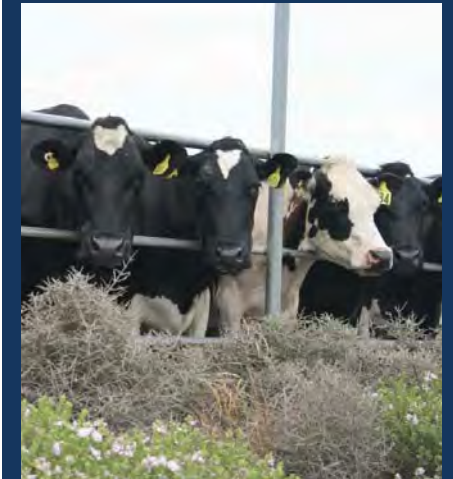
Farmers have been telling GWRC about the significant economic benefits and biodiversity gains to the region as a result of the AHB Tb programme.

Initially, spending will be moderate at \$30,000 in 2010 and gradually increase to \$765,000 per annum in 2017.

**Brigid Buckley - Federated Farmers of NZ,
Policy Advisor**

Sharemilkers' Report

Fonterra's latest payout announcement is still sinking in, \$6.05. It amazes me how the media portray us as now rolling in money and spending up large this Christmas. I feel that many of us have been severely burnt, and under a large amount of stress over the past 12 months, so that the crazy spending will not be seen again. We are far more budget conscious and cost analytical to get caught out again so soon. Reducing debt is on the mind of many.



It will be interesting to sit back and watch how the different markets react.

Grass growth and covers are very mixed over the region, some are struggling to feed cows while others have excess. Mating seems to be going well and there are reports of much better percentages this year. A few irrigators have been switched on in the area.

**Karen Fitzgerald - Wairarapa
Sharemilkers Chairperson**

East Coast Support Trust

East Coast Support Trust committee held a meeting on Friday 30 October

The main item on the agenda was the need for a new co-ordinator for the region, as Bruce Watkins wishes to step down. The position is being advertised.

It was also noted that there are many farmers who are very stretched at the moment. So please, keep an eye on your neighbours' wellbeing.



The grass isn't always greener on the other side

Our observations from Emily's and my trip to the USA.

Emily and I have recently visited family and friends in the USA. We started by visiting Emily's brother, Steve, at his ranch in Sheridan, Montana.



Steve's ranch is in an area that gets about 7-10 inches (175-250mm) of rainfall a year. His land is classified as 'high desert'. In dryland (non irrigated) parts of that region, their version of rotational grazing is grazing a paddock for a 30 day period in spring one year, 30 days in autumn the next year and resting it completely the third year. It can take 25 acres (10ha) to support a cow and calf during the growing season.

They know how far cattle will travel for water and use this to control grazing. Within one very large paddock, they have multiple water troughs spaced apart. They shift stock between the water troughs knowing they will stay near that water source. This means they have control over the grazing area without building additional fences. With irrigation, their soils can be incredibly productive.

Steve has four centre pivot irrigators. He grows seed potatoes under one, (a good cash crop) and wheat under another. He also grows alfalfa (lucerne), oaks and pasture. Besides the cropping, he runs cattle, both breeding cows and trade cattle.

They do their stock work from horseback and rope cattle to treat them. Steve's sons are keen on roping cattle, even when they are close to good yards.

RURAL LEADERSHIP

While in the States, we attended an International Leadership Alumni course in Eastern Washington State from 19-22 August. This was mostly alumni of US Kellogg programs, but there were a few Nuffield scholars as well. The theme of the conference was 'Leadership at the confluence of change'. There was great emphasis on getting back out into the community and applying the skills and information you learned. Despite the differences between countries, the issues are surprisingly similar to ours.

The USA is big and there are many more layers of government bureaucracy. This means that in practice, for many resource management issues, the mid level bureaucracy only talks amongst themselves. There is limited interaction between landowners and lawmakers. Information is filtered through many levels and distortion creeps in.

USE VS PROTECTION

One of the things that really struck us at the conference and in our conversations with farmers, is the power held by the environmental groups. Environmental lobbying in America is big business. They use a formula which extracts small amounts of money from many people. This allows them to pay big salaries and be very effective at getting their point of view across. I suspect for many of the lobbyists, the specific cause doesn't matter, it's just a well paying job.



There is a large degree of intolerance towards farmers and no attempt is made to understand the other side. An example is a law which prohibits cattle grazing in some national forest blocks so that native elk won't have 'competition'. Sounds good, but elk don't like rank feed and cattle are very good at cleaning up pastures. When cattle are excluded, elk have flattened fences to get into grazed pasture on adjacent farm land. After much discussion, the authorities finally agreed that it might be better for the elk if they allowed dual use. Hard won common sense.

Another problem (sounds familiar) was harvesting diseased or burned lodgepole pines in the national forests. There are large areas of lodgepole pines being killed by mountain pine beetles. The view of some environmental groups is that nature must be left to its own devices and they won prohibitions on harvesting dead trees. A better outcome is surely to harvest trees, gain some economic benefit and reduce wild fire risk.

While at the conference, we were at the confluence of the Columbia and Snake

Rivers. Both of these rivers have extensive systems of dams which provide hydro power and irrigation water. These rivers are more like a series of lakes providing many recreational opportunities rather than 'running free and wild'. There are serious discussions about removing the dams to return the rivers to their natural state.

Our cousin, Randall Smith, who also ranches in Montana, has been making annual pilgrimages to Washington DC to lobby for Montana cattle ranchers. There he was told, 'Why should we worry about farmers, we can just import the food we need'. Although a good opportunity for New Zealand, that sort of attitude is frightening.

WOLVES

Environmentalists reintroduced wolves to Yellowstone National Park twenty years ago (against vehement objections of the livestock ranchers). They were only able to source Canadian wolves which are a different breed and have a 'pack' mentality. Wolves don't pay much attention to maps and have spread to Wyoming, Montana and Idaho.

While we were there, one of the few sheep ranchers left had 148 adult rams killed in one night by wolves and our cousins lost a calf. Compensation will be paid for the lost animals, but that doesn't replace the genetics. The groups that introduced the wolves agreed to fund the compensation as part of the "compromise" package, but are now starting to plead poverty, meaning farmers may not be compensated in the future.



This situation reminded me in a small way of the Canada Goose situation in New Zealand. Now that Canada Geese are doing better than anticipated and causing problems, Fish & Game suggests that it is the farmers fault for having feed available for them and that the farmers should contribute funds for Fish & Game to control the geese!

FARMING FOR THE LANDSCAPE

In the East, we visited our former farm manager, Earl Carlin, who now looks after the cattle on a horse and cattle farm. This farm, like many in the region, is immaculate.



Earl spends a great deal of time on a tractor clipping pastures. The farm is owned by a wealthy family and its production is immaterial to their livelihood. This is the story for most of the “farms” in the region.

Is this foreshadowing where we are heading with new regulations such as those to “protect” amenity landscapes, like those in Queenstown? Once a farm

becomes uneconomic with its existing land use, something will need to change. Either the land use will change, which might be intensification (irrigation) or a change of livestock (dairy cows) or grapes or forestry. Alternatively, there may be people who are happy to subsidise the preservation of the landscape, but this is risky. As in the wolf scenario, the willingness to provide a subsidy is far more likely to change than the stability of a healthy economic business.

All in all, we came back to New Zealand happy to be farming here rather than in the US. There are plenty of difficult issues facing farming in NZ, but at least all the parties are able and willing to sit down around a table and talk.

**Anders Crofoot -
Wairarapa President**



Wairarapa Landscape Assessment Project

This is a new project studying the landscapes in the Wairarapa. The project has grown out of the Proposed Wairarapa Combined District Plan, where there is an undertaking to “initiate a comprehensive assessment of the landscape values across the Wairarapa” and the Proposed Regional Policy Statement, which requires the outstanding natural features and landscapes, and significant amenity landscapes to be identified in district and regional plans.



Wairarapa Federated Farmers has been included on the steering group along with the Greater Wellington Regional Council, Masterton District Council, Carterton District Council, South Wairarapa District Council, Kahungunu ki Wairarapa and Rangitane o Wairarapa.

In the first phase of the project, Boffa Miskell will be coming up with a description and characterisation of the landscapes of the Wairarapa. This will be based mostly on biophysical information such as geology, landform, vegetation and land use. This should be a fairly clear cut process and should not be particularly contentious.

The second phase will be doing an evaluation and identifying special landscapes. This will be the more difficult part of the process and will require careful consultation with landowners and the community. Putting values on different landscapes will have effects on the future management of these landscapes, which may well prove to be contentious.

This is an important project which should clear up the uncertainty around the definitions and importance of Wairarapa landscapes. The current lack of clarity makes the resource consent process more difficult and contentions than it should be. One issue that will need to be addressed is the new term “significant amenity landscapes”, which comes from the Proposed Regional Policy Statement.

The Resource Management Act (RMA) is clear that there are “Outstanding Landscapes”, which Territorial Authorities are to protect and there are “Amenity Values”, which Territorial Authorities are to maintain and enhance. However, there is no mention of “Amenity Landscapes” and the gradation of “Significant” is also not mentioned. So some work will need to be done around this term if it is supposed to add clarity rather than add yet another potential layer of regulation.

Wairarapa Federated Farmers is being represented by Anders Crofoot and Brigid Buckley, our policy advisor. We are pleased that they are included on the Steering Group, so that landowners’ concerns are taken into account from the start of the process. This model of inclusion from the start has worked well for several other recent projects in the Wairarapa and it is good to see it continued.

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Federated Farmers FARM DAY 2010

is set for
SUNDAY, 28 MARCH

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