

# LOCAL VOICE

PROVINCIAL NEWSLETTER



WAIKATO

NOVEMBER/DECEMBER 2009

## Banks tightening their belts



All Waikato Federated Farmer members will witness a significant rural farm land, building and livestock asset value decrease over next 24 months. For many, it will be the principal rural lending debt management direction, by trading banks, that will see many current farm operations unable to remain in business without some radical intervention of some sought.

There will be many of our members who are already under scrutiny to reduce farm debt exposure to their bankers. This season we have already seen the receivers engaged, resulting in a farm and stock gone within a 10 day period. It was good to have a competent Rural Support Trust assisting with this situation.

We have to acknowledge that this readjustment of rural assets will open up opportunities for others, as the educated view is that Waikato land will eventually devalue by about an average of 30 percent. As you would expect, I have some unhappy folk directly and indirectly associated with farm debt.

Please keep in touch with your banks, especially if finances are tight and please look out for your neighbours, make sure they also seek assistance, if necessary. A simple, but major rethink of farm management philosophy, with the right people, might be all that is required.

### NATIONAL COUNCIL – NOVEMBER 2009

I along with Walter Scott, Waikato Vice-president attended the National Federated Farmers Council meeting recently in Wellington.

Prime Minister John Key, Hon Dr Nick Smith (Minister for the Environment), Hon Phil Goff (Leader of the Opposition) and Hon Steven Joyce (Minister for Communications

and Information Technology) all presented at the Council meeting. It is common knowledge we have differences of opinion regards agriculture being in a domestic Emissions Trading Scheme (ETS) in New Zealand.

The Hon Steven Joyce is certainly getting to grips with being a Minister and is fairly new to the political scene.



Dr Stephen Goldson (Strategy Advisor to the Office of the Prime Minister's Science Advisory Committee) spoke on how they are trying to re-establish the competencies of their Crown and Research Institutes (CRI's). In his address to Council he did indicate the formation of Global Alliances has seen a huge increase in science collaboration.

Guest Speaker Mai Chen, prominent Wellington Lawyer, spoke to us on how to strengthen property rights. The bottom line is, the more property rights we have the more difficult it is for the New Zealand Government. This lead to a good Council interaction with Mai Chen on the Regulatory Responsibility Bill and Administrative Law. It does appear that some of our local government councils are not playing fair in their interaction with their constituency community.

We had a very competent speaker in a Mr Chris Yorke (International Marketing Manager, NZ wide). We observed the success



of the New Zealand wine industry, it showed that Fonterra has the right competencies in place for marketing dairy products; but clearly showed our meat marketing is not that efficient for farmgate returns.

There is obviously a good repour within Federated Farmers National Council and we have a good National Board, well supported by professional staff.

**Stew Wadey - Waikato President**



*Waikato Federated Farmers wishes all our members a pleasant Christmas and a good outlook for 2010.*



**Federated Farmers FARM DAY 2010**

is set for **SUNDAY, 28 MARCH**

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

## A time of change

Our industry will see some changes, now that the Fonterra farmers have voted at the recent AGM to back the capital structure review. We will see a new direction for Fonterra and we now seek more information on the sharing, trading, dividend and retention policy. For farmers the information will need to keep flowing back and forth to ensure we all understand what is being proposed for us.



We have positive movement for payout forecasting for this season. It is, however, only forecasting based on today's information. This forthcoming payout will hopefully bring most farmers back into a respectful range of profitability.

Recent effluent field days, organised jointly by Environment Waikato, DairyNZ and Fonterra, have seen good farmer participation. This is always a positive sign that all parties are working together for education and interaction. I would like to see more field staff from the industry helping

farmers improve farming operations and educate on how we can improve our systems to help the environment.

We are just coming to the end of a challenging spring, after a difficult winter season. I would hope that if this summer proves not too difficult, extreme heat wise, that we have all taken heed of last year and be prepared (somewhat) for all possible eventuation's.

Our industry is under economic pressure from the banks with many large entities under financial pressure to sell. Some farmers believe this is eroding their wealth, but this is creating a market full of opportunities for all. Some farmers will be forced to decapitalise, but hopefully the financial institutions will set a clear understanding to farmers what is economically sustainable.

Federated Farmers has been working hard to ensure that Sharemilking Agreements are updated to accommodate the changes in the industry. Before financially committing to too much, seek legal advice to ensure that you have a good understanding of what is being signed. For the financial wellbeing of all, make sure budgeting is very conservative.

With stock heading out to grazing, ask the hard questions, ensure that both parties understand their own expectations and monitor regularly. If you are looking at employing staff please visit [www.fedfarm.org.nz](http://www.fedfarm.org.nz)

**James Houghton -  
Waikato Dairy Chairperson**



## Lamb percentages up

Reports of a good lamb drop are quite encouraging, but the predicted \$20 price drop is not. I guess we can be proud of our lamb on overseas markets, because it is still keenly sought after and fetches a good price; it's just the high New Zealand dollar that spoils it for us. Future prospects still look good as we expand into more trade with Asian countries and the Gulf States. These countries eat sheep meat and are keen to do business with us, plus they have large populations.

Meat and Wool NZ are busy separating their commitment to wool and re-allocating levy money from beef and lamb to different areas as recommended by submissions after the consultation round. I believe it's quite important to keep communicating with Mike Petersen and his team to keep beef and lamb in the spotlight, and work on some form of organised marketing so we as farmers don't get taken to the cleaners.



Wool Partners is up and running with a throughput of approximately 42 percent of our wool, but only 10 percent is sold direct to processors. They are working on a better relationship with processors and retailers. We also recommend joint ventures in marketing and promotion of wool. The Minister of Agriculture, Hon David Carter, has set up a taskforce to look into the shortcomings of wool and is due to report back in the New Year.

## Rural fire insurance

There is a need to review and update your farm policy with regard to your rural fire protection under the Rural Forest and Fire Act. This is for vegetation and related fires. Structural fires are dealt with by the New Zealand Fire Service, a separate organisation.

There has been a recent upsurge in the cost of reimbursement to the various services involved in rural fire fighting and with the increasing use of helicopters, these costs are increasing alarmingly. The helicopter requirement lifts substantially if the helicopter is on standby, but not necessarily used; this could be over a number of hours.

I suggest that you pass this information on to your lifestyle block friends, as many of them who leave the city for the country life do not realise that they are no longer covered, being out of the urban fire service jurisdiction.

A recent Fair Go program highlighted this anomaly when a lifestyle block owner's ride on mower caught fire and a helicopter was used to put out the blaze. The cost was in excess of ten thousand dollars.

So check your policy and make sure you are adequately covered.

**Colin Murphy - Waikato Delegate to  
Regional Rural Fire Authority**



Beef is just hanging in there with prices below cost of production. Free trade agreements with China, Korea and the USA promises better returns in the future.

The Emission Trading Scheme has me stumped; we understand it is going to cost us a lot of money, but how is this going to be policed with emissions and sequestration having to be quantified? Imagine the administration cost. The mind boggles at the lolly scramble of scientists trying to prove what is sequestered under Kyoto rules and what doesn't comply. It seems to me that taxing the productive sector of the world in a big way will do nothing to alleviate global warming. We need more pressure on our leaders to express our concerns and where is this going to lead us.

**André de Haan - Waikato  
Meat & Fibre Chairperson**



## Cold start to season

Crop planting is well advanced now, after a wet cold start with low ground temperatures.

At the present time planted areas appear to be down on last season, but a change in the weather could see more activity in the field.

Comments by some contractors of less demand for cultivation and planting would indicate a reduced acreage being planted this year for both silage and grain.

The grain acreage would seem to be the big loser on account of the price being offered per tonne for dried maize grain. As far as maize silage is concerned it could be the increased price for milk solids announced by Fonterra will encourage some undecided farmers to plant maize, as time is still on their side. It is noticeable, this year, that some farmers are planting alternative crops which are cheaper to establish.

Some of these crops such as oats, barley and oil seed rape, as well as others can be cut and wrapped for easy transport if necessary. New Zealand will always need a grain industry, but it must be a strong viable one with long term stability to encourage farmers to invest capital. The old catch-cry by the grain meal compounder, that we can always import our requirements, might not always be possible in a hungry world with half its population living below the bread line.

We have already had warnings from Australian agriculture that says up to ten years out their agriculture scene will look entirely



different. To save their lakes and rivers, water conservation and land retirement will cut deeply into their food surpluses.

Biosecurity has always played a large portion in New Zealand agriculture and over the years the need for border control has increased a hundred fold. We must take on board the recent statement by Federated Farmers of NZ President, Don Nicolson, "That we are all responsible for biosecurity". We must be vigilant at all times in our day to day operations of anything that looks suspicious; be it weed or beetle and report it.

Since the advent of containers for moving goods and produce around the world, and the low percentage of containers that it is possible to inspect with the resources available, it is important that internal vigilance be paramount at all times.

**Syd Fraser-Jones -  
Waikato Grain & Seed  
Chairperson**



## Work being undertaken by Federated Farmers

Federated Farmers maintains that the Canada Geese population must be strictly controlled. Fish & Game may see the geese as a recreational resource, but farmers, aviators and environmentalists view the bird as a 'possum with wings' due to its ability to adapt and colonise new areas.

"This is why the Federation's submission on the level of protection the bird enjoys calls for it to have no protection whatsoever. We want a 24/7 open season as it is an exotic and unwanted pest that should not be in New Zealand.

The Minister of Conservation asked Federated Farmers for comment on the Preliminary Findings and Recommendations on Canada Geese in September 2008. Our comments were that Federated Farmers strongly supports;

- Canada Geese

be moved to Schedule 5 for all of New Zealand;

- Legislative change to guarantee that the Minister is fully informed on whether ongoing management of Schedule 1 (game) species is meeting the needs of non-hunting sectors of the community and to ensure that on-going management of Schedule 1 (game) species meets the needs of non-hunting sectors of the community.
- That, irrespective of which schedule Canada Geese is listed on, new regulations should be promulgated (under Section 72 of the Wildlife Act) to provide penalties for disrupting Canada goose culls in order to minimise the long-term control costs for those paying for culls and to ensure aviation safety is not compromised.

The Minister for Conservation has the final report and we are currently waiting on the outcomes.

Waikato Federated Farmers will be meeting again in 2010 with the Regional Council, Waikato University staff and other parties to try to find a resolution to the issue of Koi Carp.

## Wildlife kill Waikato lakes

Koi Carp is a bottom feeder that has, in most Waikato lakes, been responsible for the complete collapse of the ecosystem. Add to the equation, Canada Geese and Mallard Ducks. The introduction of Carp and Canada Geese was in the early 1970's.



The nitrate levels in the Waikato River, seven k/m north of Huntly, in September 2008 were 0.5ppm (the World Health drinking standards set for human consumption must be under 11.3ppm). Environment Waikato confirms that the independent tests undertaken in September 2008 line up with their own testing. This is a great result for Waikato dairy farmers.

However, there is still a major problem within some Waikato lakes. The very high level of bird and fish droppings within the North Waikato lakes has seen, within the last 20 years, the death of these lakes.

Consider the following: within Hamilton city there is a lake that back in the 1950's-1960's people once used for recreational swimming. Not so today, as the high level of bird life droppings has seen this lake become unsafe to swim in.

In 2003 a survey was undertaken for the population of Koi Carp within just one of the Waikato Lakes. The result then was over 850 tons of Koi Carp.

Considering that survey was done in 2003, the level of Koi Carp would have increased. Add to this the levels of Canada Gees and Mallard Ducks, the amount of droppings being deposited by the wildlife equates to the same as a sizeable dairy herd.

Clearly there must be an all out attempt to eradicate Canada Geese from the North Island.

**Max Hill - North Waikato Federated  
Farmers' member**



# Policy update

You regional policy advisor for Waikato has been keeping local councils on their toes with the help of members. Things have been busy as submissions are written and presented, and meetings are attended to make sure that councils know we watch their every move. Here is a snapshot into some of the recent work that Waikato regional policy has been doing:

## Emissions Trading Scheme (ETS)

Waikato Federated Farmers presented a submission to a select committee on the Climate Change Response (Moderated Emissions Trading) Amendment Bill. Waikato Federated Farmers submitted that agricultural methane and nitrous oxide should be exempt from an ETS. Concerns were raised that the only option to reduce agricultural emissions seemed to be destocking, which would severely impact on individual farm viability. The Waikato regional economy would face negative impacts if livestock numbers were reduced or farms were no longer economically viable and Waikato agricultural export products will lose competitiveness in global markets because of the added cost of an ETS.



## Regional Policy Statement

Environment Waikato (EW) is currently reviewing their Regional Policy Statement document. A Regional Policy Statement establishes the policy framework for council planning documents, district plans and rules.

Federated Farmers provided our comments to EW on the discussion document in May 2009, looking at the direction the Council was moving in and making sure that farmers are not being unfairly treated. Draft chapters will be released for stakeholder consultation at the end of 2009 and the final step is the officially notified statement, which is scheduled to be out mid 2010. Federated Farmers has been actively engaged with EW throughout the process and we have also been collaborating with DairyNZ on issues that affect dairy farmers.

## Regional Stock Truck Effluent Strategy

EW are currently writing a Regional Stock Truck Effluent Strategy. Federated Farmers

has been part of the working group discussing issues and have submitted comments on the draft chapters. The officially notified strategy will be out for public submissions around the end of this year.

EW had identified that image to tourists was objective number one, but Federated Farmers believes that effective and efficient management of stock truck effluent should be the first priority. Federated Farmers is strongly supporting a voluntary and co-operative industry management of the issue, which will eliminate the need for compulsory legislation.



## Waipa District Environment Strategy

The Waipa District Council has recently released a draft Environment Strategy for public consultation. Although a strategy has no statutory effect, councils often use them for guidance when writing new rules. Theme 2 in this draft strategy deals with sustainable rural environment and land use. Federated Farmers will be looking closely at what actions the Council is thinking of taking in the future. We will be advocating for the use of incentives and voluntary actions rather than regulation, which can be impractical and doesn't take into account case-by-case situations.

## Waitomo District Land Transport Bylaw

Federated Farmers presented our submission to the Waitomo Land Transport Bylaw in September. This bylaw had rules regarding moving livestock on roads and also heavy vehicles on unsealed roads. Federated Farmers submitted that the bylaw should include language to indicate that moving stock on roads is a legitimate road use, and that motorists need to adhere to the road code and not drive in a manner that may injure people or animals. However, since the bylaw hearing, a farmer in Hawke's Bay has been sued by a motorist who deliberately drove into a wandering calf. The motorist claimed it was too dangerous for him to swerve to avoid the calf and the dispute tribunal found that the farmer did not take reasonable steps to ensure that the fencing was adequate. Federated Farmers reminds members that although motorists need to drive carefully



when there is livestock on the roads, farmers also need to take precautions to ensure everybody remains safe.

These are just some of the council documents your regional policy advisor has been working on. As always, it is important that you give Rhea or Stew a call if you have any questions or problems with impractical and unfair council rules impacting the way you run your farm.

Rhea Dasent is the Regional Policy Advisor

for the Waikato, Hauraki-Coromandel and Taupo/Rotorua Provinces of Federated Farmers. You can contact Rhea on 0800 327 646 or email: [rdasent@fedfarm.org.nz](mailto:rdasent@fedfarm.org.nz)



## PROVINCIAL CONTACT LIST



### WAIKATO

#### Provincial President:

Stewart Wadey, 07 888 1808

#### Vice President:

Walter Scott, 07 889 7144

#### Meat & Fibre Chair:

André de Haan, 07 873 8631

#### Grain & Seed Chair:

Syd Fraser-Jones, 07 887 5780

#### Dairy Chair:

James Houghton, 07 872 4560

#### Sharemilkers Section Chair:

Jeff Bolstad, 07 889 7475

#### Rural Women of NZ:

Ann Rawson, 07 878 1070

#### Waikato/BOP Young Farmers' Chair:

Jason Hoyle, 027 531 3188

#### Waikato Hauraki/Coromandel

Rural Support Trust: 0800 787 254

#### Regional Assistant:

Gaylene Bamford, 07 858 0820