

LOCAL VOICE

PROVINCIAL NEWSLETTER



BAY OF PLENTY

DECEMBER 2009

Challenging last few months

President, Alan Law's, report from the Regional Meeting held Wednesday 4 November.

The last few months have been very challenging for farmers and anyone in business. And then there has been the weather! We went from a summer drought to an early cold winter, which turned to cold rain and which has dominated most of the spring. Pasture covers are low. The average cow conditions are low. Meat schedules are down, as are sale yard returns for livestock. Dairy cow conception rates are down and maize planting is almost one month late, and some early plantings have rotted in the ground. We farmers are external optimists and generally farm for the long term.



On a more positive note, in the last two weeks we have seen the sun out again. Farm covers are now climbing, as is cow condition. Overseas commodity prices are lifting for dairy products and economic activity in New Zealand is showing signs of improvement. Although there is still international volatility, our trading partners' activities are rebounding.

We have interest rates that are at historic low levels, which many have been able to take advantage of. Another positive is the free trade agreements that have been signed. Some of these have been years in the making, with the most recent being Malaysia (our eighth biggest trading partner with 25 million people), which will provide a bigger market for the dairy and kiwifruit industries. Last year New Zealand exports were worth one billion dollars in this market and within seven years 99 percent of New Zealand's exports to Malaysia will be duty free – so New Zealand agriculture will definitely be a big winner.

The climbing dollar has been very

challenging for all exporters. Recently one of our national executive suggested that we should pay our politicians in American dollars so they too could enjoy the impact on their salaries and get a taste of what we have to put up with. Dairy farmers have more reasons to be confident with the recent payout forecast increased by 35 cents from \$4.55 to \$5.10, paid on the 20 October 2009. This was a welcomed relief to overdrafts and tight cash flow budgets.

Federated Farmers remain very busy on your behalf. The bulk of this work being submissions to local authorities. Nationally, we are very well served by Federated Farmers Policy Advisors. Locally, in the Bay of Plenty, we have two cracker jacks. Nigel Billings, who has recently been working on electricity industry issues and ongoing local authority rating issues. He has also been in Wellington running the recent Federated Farmers leadership courses. Also, Hilary Walker has done a sterling job with the Western Bay of Plenty Long Term Council Community Plan, the TrustPower Matahina dam consent submissions and last week submitted on the Environment Bay of Plenty weed and pest consultation plan. Your branch and provincial executive members have also put in a lot of effort in working with our policy people. Their professional ability, mixed with the grassroots experience and knowledge, results in a very good level of submissions being presented on behalf of our members.

The issues and challenges, they just keep on coming. This year we have had a large number of local authority planning reviews. We have got ACC with all its problems; climate change; National Animal Identification and Traceability (NAIT); rural broadband; walking access; and one of the big ones - water management, which is going to be a big, big issue going forward. Locally, we saw this issue in the Matahina dam consent review.

Federated Farmers nationally has implemented a new initiative with seven columns per week in each of the seven regional daily newspapers from the Northern Advocate to the Oamaru Mail. In our Province, this includes the Bay of Plenty Times, so look out for an increased presence from Federated



Farmers. This is all part of the strategy to raise Federated Farmers' regional profile on topics of interest to both urban and rural readers.

I have said before that our right to farm continues to be under threat. Most farmers know the value of the work that Federated Farmers New Zealand performs. Unfortunately, there are others out there that see the cost of membership as discretionary and either aren't members or they resign their membership. We need to ensure that we build our collective muscle together, so the Federation can continue to add value to the business of farming. As individuals we struggle to affect change, but together Federated Farmers is making a difference. If you aren't a member, I encourage you to join now. If you know of others who aren't members, tap them on the shoulder and spread the good word about our achievements or contact Eileen Hart, our Recruitment Officer in the Bay of Plenty. She is also available to talk at meetings and discussion groups about the benefits of membership.

In concluding, it is clear all sectors in the agricultural industry have their challenges. We are all very busy people, but it is vital that we all participate in the debate and exercise our democratic vote when it is called for. If we do not, others will make the decisions for us.

I hope you can all slow down or have a well deserved break to enjoy some family time over the festive season and that the new year is kinder to us all.

Merry Christmas from your President, Executive, section leaders and our staff at Bay of Plenty Federated Farmers.

**Alan Law - Bay of Plenty
President**



Bill English addresses Bay of Plenty Federated Farmers

Hon Bill English address to Bay of Plenty's Regional meeting held on Wednesday 4 November.

It is good to hear from people who ARE the economy. Great speaking with farming people. *Joke* - I would only stay home for the Ranfurly Shield. Southland now has a grudging respect from Canterbury.

Overview of the Economy:-

Tax cuts, Government spending, maintained benefits, industry infrastructure. Have been working on the short term, smaller items so far, including building new schools, repairs and maintenance to state houses, etc. Have not yet started working on the Bay of Plenty Eastern arterial bypass. The long term issues include focusing on lifting the longer economic performance.

Tradable sector:-

You, tourism, any competition overseas/export sector.

These tradable subjects have been in recession for the past five years mainly because the exchange rate is so high and with the rapid expansion of Government.

Non Tradable sector:-

Government, district councils, domestic housing, police. This grew by 15 percent.

Both the tradable and non tradable sectors usually grow together. Need to fix the fundamental balance to fix the economy. A lot of growth is driven by debt – rural and household debt (focused on a small group of high debt holders). Now the Government debt is starting to grow too. In the future, you won't be able to borrow in the same way. It will be harder for banks to lend. New Zealanders will be more risk averse. If can't grow with debt, neither can the Government. They are borrowing \$200 million/week. Need to get money in to pay out to hospitals, police and teachers. Must grow the export sector. Conditions for you really matter.

Things the Government is doing to focus on a positive environment for a tradable sector:

- Investment Infrastructure.
- Cost of getting product around the country e.g. roads mainly between triangle, Bay of Plenty/Hamilton/Auckland, as these areas have growth of population.
- Cutting through Red Tape.

Legislation to work better for businesses e.g. phase one of the RMA. All designed to speed up the process. *Joke* - Bill has a wind farm out the front window of his home and is not particularly worried about it as it is the only 'tourist attraction' in the area!

The Local Government Act is not good. RMA - water issues are big in the South Island. It is a chaotic process. Also food outlets have to go through three processes rather than one – this needs addressing also.

The Agricultural section has the best performance of improving productivity. The worst performer is the Government. To improve Government performance, it is pretty political and you will read about this a lot over the next couple of years.



Simon Bridges MP, Hon Bill English with Alan Law, President Bay of Plenty Federated Farmers.

Interest rates and exchange rates are critical to export profitability. They are at the highest average recorded since WWII. The Government cannot influence these directly. People/countries that can influence the exchange rate need two tools:-

1. Huge reserves e.g. Hong Kong (New Zealand has debt – no reserves)
2. Not a democracy e.g. Singapore.

The Government can indirectly influence by not spending, not borrowing and low interest rates.

QUESTIONS & ANSWERS...

Simon Bridges MP - A local footnote. The Western Bay of Plenty is a big winner in the infrastructure spend in New Zealand. Bill English has signed off on all e.g. Eastern corridor, expansion of hospitals, new schools, etc. It is taxpayers' money and it is going towards worthwhile projects in the Bay of Plenty.

Q. *John Scrimgeour* - When are they going to start working on the new arterial route?

A. *Simon Bridges MP* - NZTA will start working on this next year.

Q. *Ray Hayward* - He represents dry stock farming and advised not to spend a cent until they have got it. Only 60 percent fertilised their land this year. Can't see how the export sector will get farmers out of financial trouble for at least three years.

A. *Hon Bill English* - Not predicting short term cash windfalls. For New Zealand there isn't a lot of choice. Can't grow consumption faster than income. It will be a bumpy road. Won't

be the same as 1991 and 1998 after those recessions. Will have a difficult year. The exchange rate is continually moving. Things are volatile. Just saying over a long term, and markets selling to Asian countries rather than traditional markets, will be positive in the long run.

Q. *Scottie McLeod* - Emissions Trading Scheme (ETS) is a bureaucratic exercise along with global warming. What are the Government's real thoughts on this?

Hon Bill English - Simple, common sense to the problem. ETS was in place when National came into Government. They have since cut the impact in half. To achieve this National has had to work with other parties to get through this. Originally, agriculture was coming into ETS in 2013. They had to moderate the scheme and get enough support in Government; otherwise they would have had to stick to Labour's original plan. In the longer term – are we doing something about climate change? Must consider the position of New Zealand products in markets where consumers are worried about this. Talk to marketing people as this is for real and this will strategically grow as a consumer concern. Most people buy on price at this time, but this will change like the hygiene regulation situation. ETS is complex and impractical at the moment. Need a reliable measure for decisions. Don't know how to do this yet.

Q. *Donn Randell* - The Berryman case – when will the Government give the Berryman's compensation? They have two select committees. The beef industry has lost these reputable farmers through the Government and it is seen as victimisation.

A. *Hon Bill English* - A number of attempts to get settlement have been made, but they haven't yet succeeded. It is an ongoing process. In the end, it is about whether the Berryman's accept recompense.

Q. *Paul Hickson* - 40 percent of the Kiwifruit Industry is located in Te Puke. This is a huge growth industry. NZTA is objecting to allow a road to capacity and is not working in with the businesses. Te Puke should be part of the growth scene. NZTA should allow growth in the industry, as there are major packhouses in this area.

A. *Hon Bill English* - NZTA is now more of a defacto planning agency, which he is concerned about. He will get a clear signal from Steven Joyce that this is a pro-growth Government and they do not want processes of impracticable sustainability. He will follow up on this.

Q. *John Brosnahan* - There is a lack of machine Government controls. He would

accept New Zealand has a constitution and legal structures. Local body offices are running amuck at a huge cost to us. Can the Minister of Finance instigate local Government control?

A. Hon Bill English - They are recognising this is a general problem. Rodney Hide has robust views and these will get tested so there is no fuzziness around local Government. They are trying to find the right balance. Councils do need to make decisions for their district e.g. Gore and the milk powder plant in Edendale. However, need more standardisation e.g. rules around cell phone towers. They are looking at establishing an Environment Protection Agency who looks after noise and air quality. Also a thinning down process making council processes less complicated e.g. coastal plans take 10 years (too long). There is a strong focus on the performance of local Government.

Q. Colin McCarthy - How is the Government going to handle tax reform? (tax changes 1 April.)

A. Hon Bill English - Most countries are putting taxes up. It will take 10 years before there will be budget surpluses. Need a most efficient tax system yet. Set up as the Australians set up, as New Zealand competes with them. Need to be on the ball. Tax affect everybody so you have to be open about this. It is difficult to define principals. 90 percent of New Zealand assets are in property so New Zealand is dependant on this. Will see if there is going to be any problem with any of the mechanisms, then this will come back to Government and they will decide whether or not to do anything. Won't prejudice.

Meat & Fibre Council meeting round-up

The Federated Farmers Meat & Fibre held their Council meeting in Methven on 4-5 November. Paul Burt, Rick Powdrell and I attended. There were three key note speakers.



Tim Grosser, Minister of Trade, gave a very positive address - agriculture is no longer a sunset industry and it has a key role to play in the country's future. New Zealand faces favourable conditions for its agricultural products and the demand for food will increase by 50 percent over the next 20 years. Water is the key - most of our competitors have water supply problems. We have the opposite, New Zealand needs to harness its massive supply. Global wealth creation is increasing at a huge rate worldwide and as they get richer, they demand more protein. He outlined progress and success with trade negotiations and he highlighted the free trade agreements with the Arab countries. This will produce \$1.3-\$1.4 billion in exports and that will be predominantly agricultural exports.

Ian Abercrombie, CEO of Wool Partners International (WPI), spoke on revitalising the real value of wool, this was easy but doing it was difficult. WPI has four guiding principles:-

1. Unification
2. Consolidation
3. Collaboration
4. Innovation.

He said there is still value for wool and the New Zealand name in niche markets, but there is a real need for the industry to work together as a group to try and get the price up. He made a plea to woolgrowers "to hang in there".

Professor Keith Woodford from Lincoln University spoke on "Are co-operatives a good option for farmers?" He is not against co-ops, but gets frustrated when they don't perform. They are important in situations where there is a lack of competition and where producers want to influence supply chains. One of the most important factors is there needs to be a common vision and strong governance to succeed. Probably the biggest challenge co-ops face is how to raise the necessary capital for growth etc. He made a comment on hybrid

co-ops e.g. Silver Fern Farms, this is going to be a journey down a slippery slope and there can be a high risk of tension. Main point - there is no place in an integrated industry for producers who don't commit all produce to one processor for a full season.

Council discussions included:-

1. NAIT - Council still don't feel they can support in the current form, due to the lack of benefits for the cost involved.

2. Wool - real feeling of a need to encourage talks between WPI and Elders.



This was followed by a trip to a 5 star beef feedlot where we saw 9500 fat and content Angus cattle. Very impressive visit - huge scale. As we were driving over from Methven to Wakanui we were given a commentary by the Mid-Canterbury delegate. There have been many changes on the plains in the last 10 years, a huge shift from sheep/cropping to dairy. The amount invested in water infrastructure is massive, farmers are subjected to huge bureaucracy from Environment Canterbury re: water and irrigation. It was good to get home to some hills!



What I got out of this meeting. Before Ian Abercrombie's presentation, Elders asked if they could come and sit in on his talk and afterwards Bay de Latour from Romney NZ (in line with Elders), stood up and asked, "When are WPI going to talk to Elders regarding a merger or combining their efforts?" This was positive as we were always led to believe Elders wanted to do their own thing, so now both parties are considering getting together. Both have the right model and this will most likely be supported. I was also really impressed with Tim Grosser, as it is good to see an MP who 'has been there and done that'. He has been a New Zealand Trade envoy before coming into politics, thus has been at the 'coal face' of the industry.

Tim Mackintosh -
Bay of Plenty Meat & Fibre
Chairperson





Federated Farmers
FARM DAY 2010

is set for
SUNDAY, 28 MARCH

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

BAY OF PLENTY FEDERATED FARMERS
2010 AGM

Please note in your diaries, the AGM will be held on **Tuesday, 4 May 2010** at the Edgumbe Memorial Hall from 9.00am

Busy year for policy

We have been very busy at a regional level, responding to media obligations, lodging written submissions, attending stakeholder meetings, presenting at hearings and responding to individual member queries.

We have written submissions and attended hearings and mediations on behalf of the Bay of Plenty members, on the following:

- Whakatane District Council Long Term Council Community Plan 09/19 **(resolved)**
- Whakatane District Council long-standing appeal relating to deer and goat farming **(resolved)**
- Whakatane District Council Indigenous Biological Diversity project **(ongoing)**
- Whakatane District Council working group district plan review **(ongoing)**
- Western Bay of Plenty District Council Long Term Council Community Plan 09/19 **(resolved)**
- Western Bay of Plenty District Council Full Review of the District Plan **(ongoing)**
- Environment Bay of Plenty Long Term Council Community Plan 09/19 **(resolved)**
- Environment Bay of Plenty Plan Change 8 appeal relating to bores and wells **(resolved)**
- Environment Bay of Plenty Plan Matahina Dam consenting project **(ongoing)**
- Environment Bay of Plenty Sustainable Water Strategy Western Bay working group **(ongoing)**
- Environment Bay of Plenty Pest Management Review **(ongoing)**

Most of the issues relate to ongoing district and regional planning processes and



councils' responsibilities under the Resource Management Act. In every instance we have lobbied hard and effectively to ensure that policies and plans do not unnecessarily or unjustifiably impede farming businesses. As you can appreciate this keeps both the Federated Farmers policy staff and the elected members very busy.

Whilst I am very lucky to be able to draw on the wealth of collective experience and knowledge found in the policy team my role would be impossible without the incredibly generous and unwavering support and enthusiasm I receive from the members of your province. I would like to especially thank Alan, Derek, Barry, Steve and Gerard for all the hard work they have done this year and for never getting tired of explaining the history of resource issues in the region or responding to late night emails.

Overall it has been a very interesting and successful year for the province and I look forward to seeing what the New Year brings us. I wish you all a very happy and safe Christmas and New Year.



**Hilary Walker –
Policy Advisor
Bay of Plenty / East Coast**

A blonde joke for Christmas from Kim Cawte, Office Manager

A blonde had a near death experience recently when she went horseback riding. Everything was going fine until the horse started bouncing out of control. She tried with all her might to hang on, but was thrown off. With her foot caught in the stirrup, she fell head first to the ground. Her head continued to bounce on the ground as the horse did not stop or even slow down. Just as she was giving up hope and losing consciousness, the Pak n Save manager came out and unplugged it. Thank goodness for heroes!!



Kim off for a ride after a hard days work in the office.

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Welcome to New Members

David & Carol Hodge (Pikowai),
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**Kim, Nigel and Hilary wish you all the best for a
Very Merry Christmas and a prosperous New Year.**